

Corporate responsibility report 2004



NOKIA



Large parts of the world remain disconnected. There is no reason for us to accept this as inevitable or permanent.

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By acting responsibly, we can contribute to sustainable development and build a strong foundation for economic growth.

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Introduction

Corporate responsibility reflects the way in which companies impact on the world around them: economically, socially, and environmentally. It is challenging for us to summarize all the efforts we have taken during the course of one year to improve employee well-being, community welfare or the state of the environment, especially when best practices have been absorbed and integrated into everyday operations. However, through this report we aim to provide a fair indication of our current activities and aspirations.

This document gives a brief overview of the various Nokia programs that can be characterized as economic, social or environmental. It should be considered an adjunct to our more comprehensive online corporate responsibility report at www.nokia.com/aboutnokia. The online report presents a modular approach, which allows people to view our activities program by program, or by reference to a set of common themes including achievements, targets, challenges, management commitment, stakeholder cooperation and compliance with GRI, the 10 principles of Global Compact and Nokia's own code of conduct.

We see our online report as our primary mode of corporate responsibility reporting, largely because it enables us to provide regular updates free from the limitations of annual publication. This pdf version is intended to act as a userfriendly, 'moment-in-time' snapshot for offline use. However, we recommend that our stakeholders refer to our online version for the most up-to-date and in-depth information on our activities.

Please contact us at csrfeedback@nokia.com with any comments or questions relating to our corporate responsibility activities or reporting.



Message from Jorma Ollila Nokia Chairman and CEO

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The business of being responsible

The success of big business and the well-being of the world have never been more closely linked. Global issues cannot be removed from the business world because business has only one world in which to operate. Businesses cannot succeed in societies that fail. Societies also benefit from the success of business in many ways. Open markets certainly contribute to sustainable development.

Profitable business fundamental for good citizenship

A well-managed, successful business is in itself an important driver for growth. Strong profitability over time gives us the means to develop the products and services people want, provide stable employment and create new jobs, as well as reward our shareholders. A less talked-about by-product of strong profits, which benefits society, is also through statutory requirements such as the payment of corporate taxes.

A sound financial base provides for investment into future technologies as well as new growth markets, which is not only good for our business, but for people in developing countries who are just beginning to see the benefits of mobile communications for their lives and their livelihoods.

Responsible business drives performance

Strong profitability means we can invest in important ethical and environmental programs, allowing us to comply quickly with new legislation and better manage risk. Corporate Responsibility drives performance, promotes strategy and efficiency and supports our strong Nokia reputation and brand. In this way, it gives a longer view on value creation and profitability, reinforcing our strong corporate culture.

But companies are not governments or law-makers

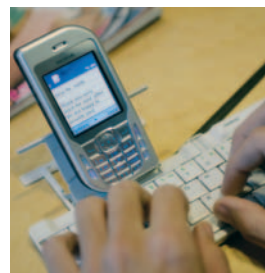
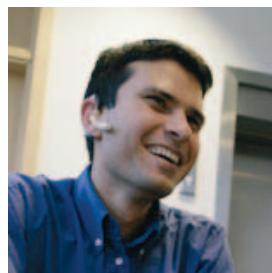
The challenge for companies is to integrate and uphold responsible practices in every single thing they do, on an individual level, in all countries where they operate and together with their external partners. Having said that, the role of companies is not to govern or make laws. What we as a company seek to do is to work together with all parties in our value chain, upstream and down, ensuring that we are legally compliant and that global issues of environment, health, diversity and human rights become a natural part of the way we work. We would expect governments and authorities, in turn, to responsibly enforce laws and avoid legislation that is harmful to business competitiveness.

Community involvement goes beyond core business activities

Going beyond our core business activities, investing in the community through social or environmental programs is another important way for us to express an overall sense of responsibility. Although there is a lot of discussion nowadays on what companies should be achieving in the communities, activities are not legally prescriptive, and there is no-one yardstick for measuring their success. Nokia has a range of local activities ongoing including employee volunteering, disaster relief and corporate giving, and a company-wide focus on youth life-skills and education.

Businesses can maximize contribution with a systematic approach

There remains a lot of discussion on what companies need to achieve, but no real clarity on how they should best rise to the task. To my mind the challenge for companies is not just to pursue random acts of goodness, but to look at what actions are actually in their power, what makes the best business sense, and what produces concrete, measurable results. With this kind of systematic approach, businesses can maximize their contribution.





Veli Sundbäck
Senior Vice President
Corporate Relations and Responsibility

06**Letter to stakeholders 2004**

By acting responsibly, we can contribute to sustainable development and build a strong foundation for economic growth.

In the Corporate Responsibility arena, 2004 can be characterized as a year of successes, but not without self-scrutiny. Accomplishments bring new challenges as well as wider acknowledgement and inspection from our external audiences. In this sense, it was also a year of living with criticism and learning from feedback.

Lowering the bar on availability, affordability, and usability

Success in high-growth markets in 2004 was not only good news for our business, but for people in developing countries who are just discovering the benefits of mobile communications in their lives and even their livelihoods.

The number of new mobile users in fast growing markets where penetration levels are low (India, Russia, China, most Latin American countries, and several African countries) continued to rise dramatically in 2004, and Nokia played a role in boosting this growth by increasing the availability, affordability, and even usability, of mobile communications in these markets.

We have been working closely with the UNICT task force on the theme of enabling an environment for contribution to universal access. We believe the fastest most cost-effective way to achieve an inclusive society, where people have easy access to information, is through mobile communications.

What does this mean for our stakeholders? They need to be committed to this noble ambition. On the government side this means commitment to change. On the regulatory side, it means being committed to competitive markets. On the private sector side, it means committing people, time and money to developing the appropriate technology, infrastructure and service offerings.

Investing in people

Last year was a big year for investing in our own people. We ended 2004 with a little over 55 500 employees, representing an increase of more than 4 000 people. A record fourth-quarter financial performance in both our devices and networks businesses, made for a strong finish for the year and our employees will be rewarded with a full 5% Connecting People bonus for the second half of 2004. We also invested EUR 90 million in individual and group training for our people.

Strengthening supply-chain and own operations

In our supply-chain practices, during the year, we saw increased public scrutiny from a range of parties. We also went deeper into our own practices, carrying out global ethical assessments on the labor conditions of our suppliers as well as initiating similar assessments on our own manufacturing operations.

Areas where improvement was required were identified and corrective actions were taken. In this way, we proved to ourselves that we have a good process in place, although, I still think it fair to say that this kind of comprehensive audit helps us learn and develop an even swifter and more effective future response.



Internal awareness and tighter controls

The year brought further self-scrutiny as we moved forward with our new organization structure. The success in aligning our business with the dynamics of a changing operating environment was underscored by the accompanying challenge of learning to work together effectively within an entirely new structure.

Against this backdrop, in our financial reporting, we have been focusing on the Sarbanes-Oxley Act, an influential piece of legislation relating to corporate governance, financial disclosure and public accounting. I believe that the increased attention to internal controls through Sarbanes-Oxley will only be of benefit to us. It requires us to review and document our existing good practices, confirming roles, responsibilities and internal accountability, and reducing the risk of error. It also shines more light on the Nokia Values and Code of Conduct.

This comes in tandem with a companywide awareness building push this year on our Code of Conduct, which has now been translated into 15 languages and explains how every one of us must carry out our work and comply with ethical and legal standards. As part of our campaign, teams were encouraged to sit down with top management and openly discuss controversial issues within their own context from an ethical business standpoint.

Legal compliance on harmful substances

We stepped up our efforts last year in meeting requirements for the European Union directive on the restriction of use of certain hazardous substances (RoHS), and we are now on target for the July 2006 deadline. At Nokia, we began our research and preparation very early, setting ambitious internal targets. Having said that, the shift to RoHS-compliant devices has proved much more of a challenge than many in the industry, including Nokia, first anticipated. Clearly we are not willing to make concessions on quality, yet concerns on quality must be balanced out with effective replacement solutions and legal time constraints.

Working well with WWF

Building on cooperation with WWF, we jointly launched an internal awareness building website as well as conducting internal employee workshops around the world on selected topics with an environmental angle. Backed by WWF's hands-on expertise in running discussion groups and their ability to attract a broad cross-section of participants, we also staged a series of external stakeholder seminars in selected regions around the world.

Positive impact in Community involvement

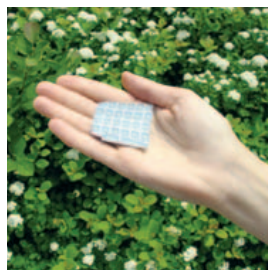
In community involvement, we expanded our youth life-skills program, Make a Connection, from 16 to 19 countries. We also saw excellent results from our Philippines pilot of Bridgeit. Launched by Nokia, the International Youth Foundation, the United Nations Development Programme and Pearson, Bridgeit uses mobile technology to bring interactive, multimedia-learning materials to schools. With this successful pilot comes the new challenge of expanding the program to double the number of schools and replicating it in other countries.

Stakeholder recognition in new growth market

In India, one of the world's fastest growing economies, Nokia won the Brand of the Year award from the Confederation of Indian Industries (CII). What was particularly reassuring here is that the CII Brand award does not focus purely on financial parameters, but is a 360-degree evaluation by all relevant stakeholders. Nokia is already the clear mobile phone market leader in India, with established sales, marketing, customer care, and research and development sites.

Number one in Dow Jones Sustainability Index

In acknowledgement of increased transparency and positive developments in our environmental and ethical programs, Nokia came in first place for the second year running in the Dow Jones Sustainability Index European Technology and Global Communications Technology categories.





We can make a positive difference, and we do.

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Economic

Overview

In this section we address Nokia's 2004 financial performance and the economic impact of our business. We do not seek to duplicate the extensive financial and business information contained in our Form 20-F, filed annually with the Securities and Exchange Commission in the United States, as well as that found in our quarterly financial press releases, and in the [Financials](#) section of Nokia's corporate website.

For Nokia, business success means competing profitably in all market segments, chosen technologies and geographical regions. In meeting this definition of success and sustaining a profitable business, we have the means to develop the products and services our customers want, hire and retain the best people, and reward our shareholders.

A sound and profitable financial base is also essential for meeting our corporate responsibility commitments, providing us the means to invest in important ethical and environmental programs. This enhances stakeholder acceptance, which in turn supports our reputation and brand, driving the efficiency and success of our business forward.

Nokia in 2004

This was a year of record-breaking mobile device volumes for our industry, which drove both the device and infrastructure markets forward, while total global mobile subscriptions rose sharply to 1.7 billion in 2004.

For Nokia, device volumes also reached new highs for the full year, largely backed by the ongoing boom in growth markets such as Latin America, Russia, India and China, and brisk sales of color screen and camera phones.

In Nokia's infrastructure business, 2004 was a pivotal year. We significantly expanded our presence in India and Russia, and entered new markets in the Middle East and Africa. In the second half, the pace of commercial 3G launches intensified in more developed markets, with the number of 3G subscribers jumping to nearly 16 million by the end of 2004. By the end of the year, we were a supplier to 28 of the 63 commercially launched 3G networks.

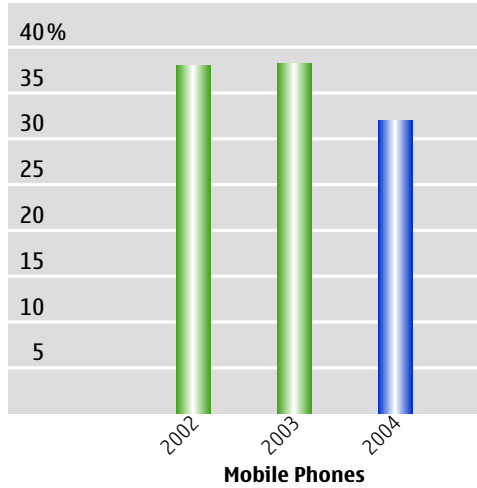
Looking at the company's business performance overall for the year 2004, Nokia emerged as the clear industry leader in mobile devices, with leading volumes, market share, and overall profitability. For a detailed view of our financial performance in 2004, please refer to our downloadable [Form 20-F 2004](#) and our end of year results [press release](#).

On April 7, 2005, at our Annual General Meeting, our Board of Directors approved a new authorization to repurchase a maximum of 443.2 million shares corresponding to nearly 10% of Nokia's share capital and total voting rights. The proposal was made in anticipation of an amendment to the Finnish Companies Act, effective on March 9, 2005, increasing the upper limit for share repurchases from 5% to 10%. The Board expects to continue engaging in share buy-backs in 2005 with up to EUR 5 billion, provided that this is within the limits of the authorization given by the Annual General Meeting.

In 2004, Nokia repurchased 176 million Nokia shares on the basis of the share buy-back authorization given by the Annual General Meeting 2004. This amount represented 76.5% of the 2004 buy-back authorization. In 2005, Nokia continued the share buy-backs on the basis of this authorization, which was effective until March 25, 2005. The Board of Directors also proposed a dividend of EUR 0.33 per share for 2004.

Nokia's full-year 2004 mobile device market share was 32%, based on an estimated market volume of 643 million units, and compared with 38% in 2003. Following steady quarter-on-quarter market share gains during the second half, Nokia finished the year with a 34% share of total mobile device market volumes. In 2004, Nokia continued to be the second largest supplier of mobile networks, with a global market share of approximately 15%. Mobile infrastructure accounted for 21% of Nokia's net sales in 2004.

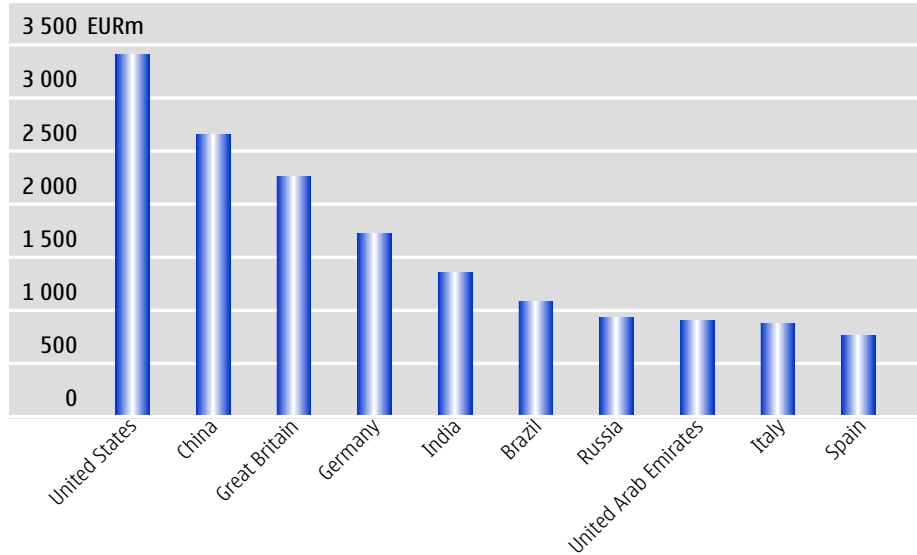
Nokia mobile device market share



NB: Our share of the mobile infrastructure market continued to be stable year on year with an estimated share of approximately 15%.

Throughout our value chain from sourcing and manufacturing to third-party collaboration and marketing, we contribute to the economic growth of developed and developing countries. Nokia's 10 major markets in net sales terms in 2004 were: United States, China, United Kingdom, Germany, India, Brazil, Russia, United Arab Emirates, Italy and Spain, and in no one country did Nokia's total sales figure exceed 5% of GDP.

Net sales, 10 major markets



NB: In no country does Nokia's total sales figure exceed 5% GDP.

Benefits of mobile communications

Looking beyond our own financial performance, there is a growing body of research that directly links the introduction of mobile communications to communities and substantial social benefits and economic stimuli. While many of us take mobile communications and rapid access to information for granted, large parts of the world remain 'disconnected'. This is not a new phenomenon, neither are the economic or social inequalities that result.

As part of our business strategy of introducing mobile communications to an increasingly broad cross-section of society, we are working to stimulate growth, improve social cohesion and create new opportunities for people. The number of new mobile users in growth markets where penetration levels are low (India, Russia, China, most Latin American countries, and several African countries) continued to rise during 2004. Nokia played a role in boosting this growth by working with our operator customers to increase the affordability and availability of mobile communications in these markets.

We have been working closely with the UNICT task force on the theme of enabling an environment for contribution to universal access. On this same theme, we co-sponsored the World Summit on the Information Society (WSIS) and continue to engage with governments and non-governmental and international organisations on removing the regulatory barriers that stand in the way of universal inclusivity. Looking to the future, we will continue to work with governments, international and non-governmental organizations, investors, research organizations, communities and our own employees, as we seek to align our goals with those of our stakeholders.

In addition to personal social benefits, Nokia's mobile communications products offer individuals and companies possibilities to build and develop their businesses for example through improved logistics, marketing, sales, and internal communications. New opportunities for business development have also grown up around mobility in both voice-based and new concept services such as short messaging, multimedia and business-to-business mobile applications.

Nokia also plays a role in local economies beyond the presence of our products and services through community involvement, tax, sourcing and research activities. Corporate citizenship spending in 2004 was EUR 11.1 million, compared with EUR 16.0 million in 2003. This amount does not include investments in environmental and social programs other than those related to community involvement, neither does it take into account Nokia's internal resources committed to co-developing new technology that drives universal access, global-level and local community programs, marketing sponsorships or volunteer hours contributed by Nokia employees in more than 25 countries.

Our sourcing is evenly spread across the Americas, Europe and Africa, and the Asia Pacific regions. In no country does Nokia's total purchasing represent more than 5% of GDP. Total purchases of all goods, materials and services was EUR 19.9 billion, compared with EUR 20.0 billion in 2003.

Our Research and Development network and cooperation calls on contributions from Nokia employees around the world. This also supports local communities in the establishment and maintenance of high-tech hubs. At year-end, we employed 20 722 people in research and development in 12 countries, representing about 37% of our total work force and 12.8% of our total net sales.

Nokia's total payroll and benefits in 2004 amounted to EUR 2 805 million compared with EUR 2 501 million in 2003. Our total corporate tax paid globally in 2004 was EUR 1 368 million compared with EUR 1 440 million in 2003. As announced on January 27, 2005, in the 4Q/2004 results release, Nokia's combined cash and other liquid assets at the end of the year were EUR 11.5 billion.

Balance sheet structure

	2004 EURm	2003 EURm	2002 EURm
Liquid assets:			
Bank and cash	1090	1 145	1 496
Available-for-sale investments, cash equivalents	1 367	1 639	2 177
Available-for-sale investments, liquid assets	9 085	8 512	5 678
Total	11 542	11 296	9 351
Liabilities:			
Non-interest bearing liabilities	8 029	8 117	8 309
Interest bearing liabilities	234	491	564
Total	8 263	8 608	8 873
Retained earnings	13 765	13 953	11 661

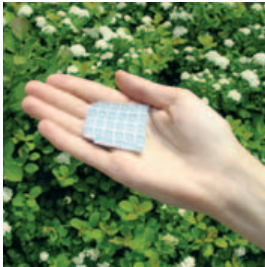
NB: In the reporting period 2004, Nokia had EUR 13.8 billion of committed liquidity, providers of which are all credit-worthy global financial institutions.

Total payroll and benefits

Region	Total no of Employees	Employees in production	Total payroll & benefits 2004 mEUR	Total payroll & benefits 2003 mEUR	Total payroll & benefits 2002 mEUR
Europe & Africa	36 106	12 172	1 876	1 664	
Americas	11 266	5 151	672	623	
Asia Pacific	8 133	5 073	256	214	
Total	55 505	22 396	2 804	2 501	3 140

NB 1: Discrepancies by region are the result of factors such as base salary and pension level differences depending on the type of employment and jurisdiction. However, in the context of payroll and benefits, it is noteworthy that Nokia's salary structures are comparable or better than the average remuneration in all those markets where we operate.

NB 2: All Nokia employees also have the opportunity to participate in Nokia's incentive schemes which are standardized and implemented globally, regardless of geographic location.



By acting responsibly, we can contribute to sustainable development and build a strong foundation for economic growth.

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Environment

Overview

We take care of environmental affairs to enhance and ensure the long-term profitability of our company as well as reduce any adverse environmental impacts from our activities. The advancing convergence of mobile and fixed networks can be environmentally beneficial, resulting in networks that communicate and share elements, rather than through separate networks.

Mobile communication and information technology in general can play a part in enabling fast economic growth, as currently seen in high-growth markets in Asia. Economic growth puts pressure on the environment. Information technology can help mitigate these pressures with reduced resource consumption, by replacing physical services and transactions with digital over-the-air services and transactions.

Mobile communications technology in general enables better and more efficient communications. The advent of mobile communications has not in itself reduced the need for travel and movement, rather people on the move have progressively gained access to better services, which in turn leads to less unnecessary travel and a reduction in the amount of time required for various transactions.

We are committed to the pursuit of environmentally sustainable development. Our approach to environmental issues is based on lifecycle thinking and the principles of eco-efficiency (as defined by the World Business Council for Sustainable Development), covering the environmental impact of our products. The lifecycle of products begins with the extraction of raw materials and ends with recycling, waste treatment and the reintroduction of materials into the economic system. Our activities focus on the design, assembly and marketing of products and account for only a small part of their total lifecycle environmental impact.

Environmental considerations are systematically woven into Nokia's activities through four programs that cover the entire product lifecycle. Design for Environment aims to ensure that new products contain no restricted materials, reduce energy consumption and optimize recyclability. Supplier Network Management oversees the environmental impact of suppliers. Environmental Management Systems control the environmental impact of Nokia's own operations, while the End-of-Life Practices program focuses on takeback systems as well as the safe recycling of products. This enables the recovery of materials and energy contained within them.

Sound environmental principles make business sense by reducing risk, aiding legal compliance, and increasing cooperation with stakeholders. Nokia's basic principle is that environmental matters are integrated into our normal daily business.

Environmental data in relation to net sales

	2004 *	2003	2002
Net sales (EURm)	29 267	29 500	30 016
Energy consumption (GJ/ EURm)	95	87	83
Direct CO ₂ emission (tons/EURm)	0.49	0.46	0.39
Water consumption (m ³ /EURm)	44	36	39
Solid waste (tons/ EURm)	0.91	0.87	0.82
Total waste (tons/ EURm)	0.92		
Use of ODS (ODP kg/ EURm)	0.005	0.002	0.002

* Data collection scope expanded in 2004 to cover all buildings and sites of over 3000 sqm. The figures of 2004 are thus not directly comparable with previous years.

Shared interests

Access to information on Nokia's environmental activities is available to employees through a range of channels including Nokia's intranet site, an internal e-magazine, a monthly newsletter, Nokia People magazine, and regional and global Environmental Forums.

All Nokia personnel have access to internal training and competence development in environmental matters. Examples include the Nokia and WWF common 'Connect to Protect' web-based learning application, competence development activities building environmental awareness, e-learning applications, regular management training programs, multimedia self-study and face-to-face learning for new Nokia inductees.

In our annual Nokia-wide employee survey, results related to environmental awareness are now well above the critical 50% level at 57%, up from 53% last year. A further 45% of those people surveyed were part of teams that undertook specific actions during 2004 in support of Nokia's environmental goals, up from 43% the previous year.

Customer and consumer relations

Equipment sold to network operators and enterprises are traceable, and recycling arrangements are often included in commercial contracts. Nokia has offered its network customers a takeback and recycling service since 1999. The service was renewed in 2004 to include four independent fee-based end-of-life services ranging from on-site removal and packaging to project management.

For several years now, Nokia has also offered takeback of its mobile phones and accessories for consumers through authorized Nokia Service and Care Centers globally. The phones collected are forwarded to approved recyclers.

The Nokia Recycling Map on Nokia's external website www.nokia.com/environment gives easily accessible advice to consumers on their nearest mobile devices and accessories collection point.

Governments and inter-governmental organizations

Nokia engages in extensive dialogue and cooperation in environmental issues with governments and inter-governmental organizations including the UN, the European Union and the International Chamber of Commerce. The company also plays an active role in many national and international industry organizations and initiatives. Nokia has committed itself to the 10 principles of the United Nations' Global Compact.

Industry cooperation

Nokia plays an active role in environmental committees of many national and international industry organizations and initiatives, such as the European Information, Communications and Consumer Electronics Technology Industry Association (EICTA), the Cellular Telecommunications Industry Association (CTIA), the Electronics Industry Alliance (EIA), and the National Electronics Product Stewardship Initiative (NEPS).



Environmental programs

Design for Environment

All new mobile phones come with an Eco-declaration that covers energy consumption, material use, packaging, batteries and chargers, and recycling. The aim is to simplify lengthy technical descriptions into focused messages that better address consumer understanding. Eco-declarations are available at <http://www.nokia.com/environment>.

Nokia's Design for Environment (DfE) priorities are:

Material Issues

In 2004, we further developed materials management tools that help us prepare for and comply with legislative and other relevant requirements concerning the materials used in our products.

Based on the materials database, a product design tool is being developed that will guide the materials selections of product designers.

The European Union's directive on the Restriction of Hazardous Substances (RoHS) will apply to electric and electronic equipment put on the market from 1 July 2006. We stepped up our efforts during 2004 and we are on target for achieving all RoHS-compliant devices within the targeted time-frame. Nokia is actively following the preparation for similar restrictions in other markets.

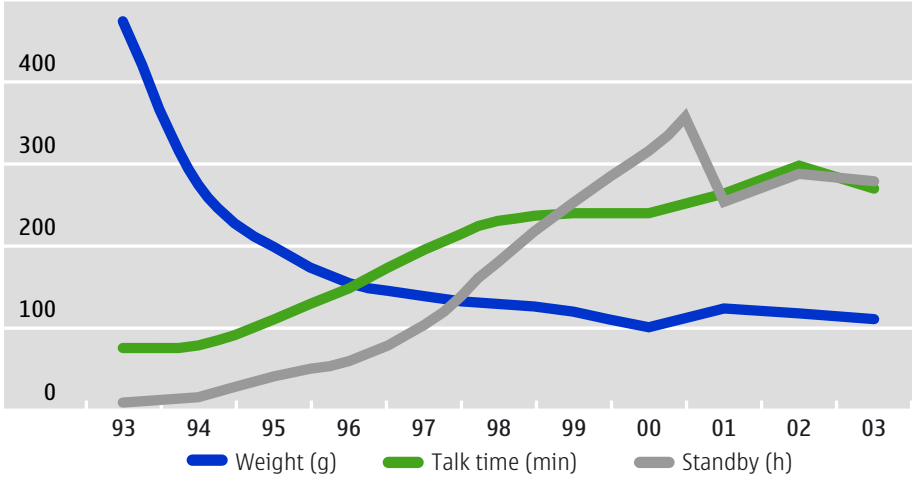
In 2002, Nokia initiated the elimination of PVC and certain halogenated flame retardants from all new Nokia mobile devices. PVC is due to be phased out by the end of 2005 and halogenated flame-retardants by the end of 2006.

Energy Efficiency of products

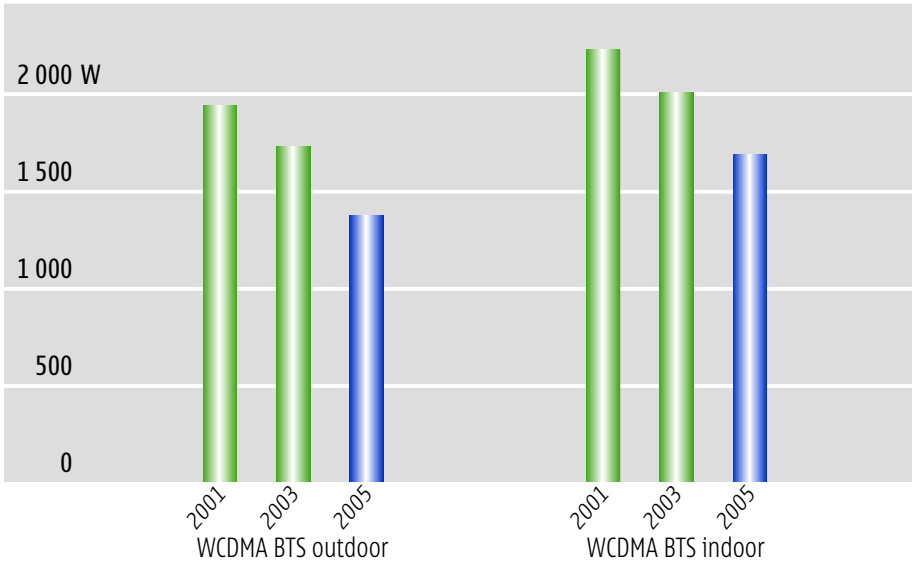
Energy efficiency is a long-standing product design priority at Nokia. Meaningful evaluation of energy efficiency is based on relating energy consumption to the service provided by the product. During recent years, the capacity of mobile networks has been increased (number of base stations, amount of traffic) and thus the overall energy consumption has also increased. However, as the volume and range of services provided by the networks has also greatly expanded, energy efficiency per service has in fact increased.

For mobile devices, improvements in battery technology have greatly expanded the talk time and thereby the overall energy efficiency of the devices. Nokia is a signatory to the EU's voluntary Code of Conduct on Efficiency of External Power Supplies aimed at reducing the no-load energy consumption of its chargers. The stand-by power consumption of Nokia chargers has been duly reduced and meets the strictest requirements of the EU code.

Ecoefficiency of mobile phones



Product energy efficiency (PEE) in base stations



Energy consumption calculated for reference configuration including three sector WCDMA base station with each sector with 20W output power and with capacity of 64 speech channels.

Promoting efficient use, reuse, and recycling of materials through product design

Recyclability is an important aspect of materials efficiency. Recyclability is essentially influenced by the ease of the disassembly of products, which is a design priority at Nokia.

Studies indicate that the recyclability of Nokia mobile devices ranges from 65% to 80%. For network equipment, the corresponding figure is 80% to 85%. There has been little change in these percentages recently, as Nokia products are already considered to be highly optimized with regards their recyclability.

Nokia has consistently worked to reduce the volume of packaging and to substitute non-recyclable materials with reusable and recyclable materials. In component deliveries from suppliers reusable packaging is used wherever possible.

Suppliers

Nokia sets environmental requirements for suppliers as part of the standard Nokia supplier requirements.

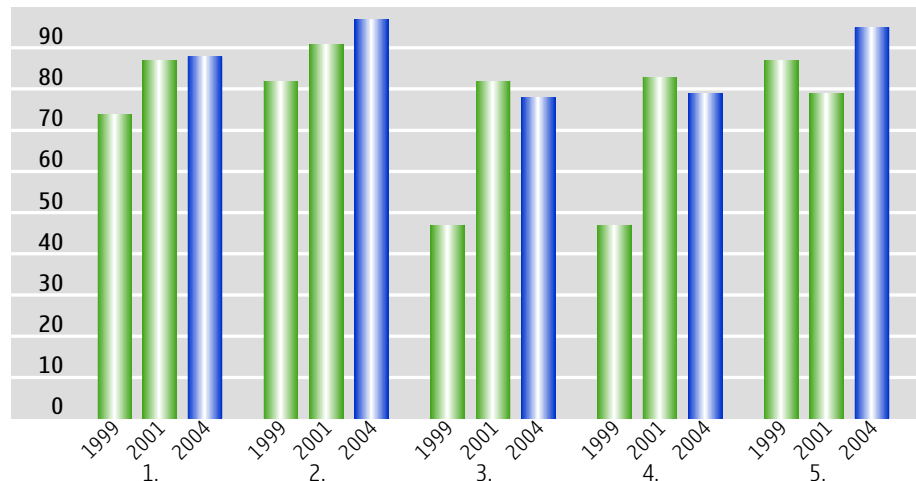
To increase the understanding of our expectations and the level of compliance, on-site supplier assessments are conducted as part of the ongoing sourcing process. This year we also conducted supplier self-assessments. The basic principle is that a supplier company must reach the standards set in the Nokia Supplier Requirements through its own efforts. However, Nokia does provide training and advice when required. Within Nokia, systematic training on environmental programs across our purchasing and sourcing organizations continued in 2004, and so far 750 people have received training on Supply Chain and the Environment. Of our employees working with suppliers, 64% have been trained.

In the area of substance management, active dialogue is ongoing with our suppliers to facilitate the delivery of RoHS compliant components and products. One of the tools used in active communication is the Nokia Substance List. This, together with our Material Data Form, helps us in our efforts to determine the material content of parts and components contained in our products.

In 2004, Nokia Supplier Days were held for both our networks business and our mobile phone and device businesses. These events brought top management from Nokia and our suppliers together to review upcoming strategies and topical issues. In 2004, environmental and ethical issues were prominent among the topics discussed.

We also continued our sponsorship of the industry's RosettaNet initiative to develop e-business tools for exchange of product information among producers and suppliers. The exchange of material content information has been integrated into the exchange of business-related product information, such as in response to orders.

Nokia supplier environmental questionnaire, yes answers



1. Does your company have an environmental management system (EMS) or plans to be certified < two years?
2. Does your company have an environmental policy?
3. Does your company set environmental criteria for you suppliers?
4. Does your company use a documented design system that considers environmental aspects when selecting materials of new design solutions?
5. Is your company prepared to declare the material content of products delivered to Nokia?

The scope of the 1999 self-assesment survey was suppliers for both mobile device and network products, the survey 2001 included only the main suppliers for mobile devices, and the last survey 2004 had again the wider scope of suppliers for both mobile devices and network business areas.

Environmental Management Systems

Nokia uses certified Environmental Management Systems (EMS) as a management method for controlling and improving its own environmental performance. All Nokia production sites are ISO 14001 certified.

By the end of 2004, all Nokia office and product development facilities measuring over 10 000 sq. meters floor space had an internally verified EMS in place.

Nokia acknowledges the global importance of reduction in emissions of carbon dioxide, which are linked with climate change, and is intensifying its cooperation with its logistical service providers. Together we are developing methods for reliably assessing the environmental impact of our logistics.

End-of-Life Practices

One of the key challenges for the electronics industry is to ensure an effectively organized, efficient and environmentally sound end-of-life treatment for our products. We will continue our efforts in developing this in each geographical region where we do business.

Nokia has for years had takeback and recycling arrangements in place for mobile devices and accessories, as well as for mobile network and IP network security equipment. When the EU's Directive on Waste Electronic and Electrical Equipment (WEEE) is implemented in the member countries in August 2005, Nokia as well as all other producers and importers of electronic products for household consumers will have financial responsibility for the environmentally sound handling and recycling of these products.

National legislation which sets the final requirements in each member state, was in place in only a few countries at the end of 2004. We are fully prepared to assume the producer responsibility defined in the directive as it is implemented in the EU member countries. Meanwhile, the takeback of Nokia mobile devices will continue at Nokia Service Points and Care Centers in Europe and elsewhere, as will a contractual infrastructure recycling service for our corporate customers.

However, the return rate of mobile phones is still quite low globally. Consumer studies confirm that people regard their mobile phone as a personal possession that they prefer to store at home rather than give up for recycling. The challenge faced in takeback programs is therefore motivating users to return their products for proper recycling. By bringing used or obsolete devices to a takeback point we can all make sure that they don't end up in landfill but rather contribute recyclable raw materials for reuse in new product manufacturing.

Mobile Communications and Health

At Nokia we are sensitive to concerns about mobile communications safety issues, and have committed resources not only to sponsor ongoing research programs, but also to provide customers with good quality information on the subject.

Electromagnetic fields are produced by all devices that use, carry, or produce electricity.

The possible effects of radio waves on people have been studied for more than 40 years. A great deal of research has been completed and the findings are regularly reviewed by government agencies, international health organizations and other scientific bodies. A substantial amount of scientific research conducted by various independent research bodies by the end of 2004 has indicated that radio signals operated at levels within the limits prescribed by public health authority safety standards and recommendations present no adverse effects. All Nokia products are designed to comply with such standards and guidelines.

Some scientific reviews have called for further research to be conducted. We believe that furthering scientific understanding is important in developing a sound fact-based policy for the use of radio technologies. Together with other industry players and government authorities, Nokia is responding to the World Health Organization's EMF Research Agenda by sponsoring relevant research programs globally.

Research and Review

During 2004, we continued to increase the internal level of understanding relating to EMF. Our actions including information sessions for Nokia personnel and the incorporation of EMF information into Nokia's 'Caring for the Environment' publication.

Most of our actions related to EMF are coordinated through the Mobile Manufacturers Forum (MMF). As a representative trade body the MMF in turn has dialogues with many stakeholders such as the European Commission and governments with an active interest in the area, as well as the World Health Organization (WHO), the operators' association (GSM Association), and other trade associations. Positive cooperation in this area is illustrated by the growing harmonization of EMF limits, in accordance with the WHO-endorsed guidelines of the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

The Nokia Research Center also continues to conduct a program to review and sponsor scientific research on EMF. Research continued during 2004 was in line with the research agenda proposed by the World Health Organization. Nokia continues to support the MMF, both financially and through participation in its working groups and board of directors. We also continue to publish Specific Absorption Rate (SAR) information for our handsets, along with other EMF-related information for customers, employees and the broader community.

Through our sponsorship of further research (primarily through MMF), Nokia is working to address the recommendations of the World Health Organization EMF Project. Several multi-million euro programs will continue in association with government agencies during 2005. We anticipate further results to become available during 2005 and beyond.

In the area of EMF, there is a sustained, high level of ownership and participation from our senior management. We place an emphasis on supporting independent scientific research and ensuring that scientifically proven facts are communicated promptly and accurately.

Challenges of EMF

The main challenge arises from public speculation about possible health risks posed by EMF. To address this, we design our products to meet all relevant safety standards and recommendations globally, as well as sponsoring independent research through MMF, and communicating the latest scientific information as it becomes available.

Research to date consistently supports the scientific conclusion that radio signals operated at levels at or below the limits prescribed by standards and recommendations around the world, present no adverse effects. According to ICNIRP: "There is no substantive evidence that adverse health effects, including cancer, can occur in people exposed to levels at or below the ICNIRP limits." Each year, we disclose business risks in our Form 20-F Annual Report for the Securities and Exchange Commission in the United States, including the challenges related to EMF.

Environmental data

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	2004*	2004*	2003	2003	2002	2002	2001	2001	2000	2000
Energy consumption	GWh	GJ	GWh	GJ	GWh	GJ	GWh	GJ	GWh	GJ
Energy, total	770	2 770 000	713	2 566 800	690	2 484 713	693	2 496 384	564	2 030 400
Americas	148	533 000	134	482 400	111	401 065	113	408 060	91	327 600
Asia-Pacific	124	447 000	99	356 400	106	382 118	97	384 516	54	194 400
Europe & Africa	498	1 790 000	480	1 728 000	473	1 701 529	483	1 739 808	419	1 508 400
Electricity, total	603	2 170 000	540	1 944 000	528	1 901 516	532	1 914 480	412	1 483 200
Americas	130	468 000	116	417 600	106	382 230	105	378 720	81	291 600
Asia-Pacific	109	392 000	85	306 000	88	316 128	92	330 120	48	172 800
Europe & Africa	363	1 310 000	339	1 220 400	334	1 202 958	335	1 205 640	283	1 018 800
District heating, total	94	338 000	102	367 200	104	376 189	116	415 800	104	374 400
Americas	0	0	0	0	0	0	0	0	0	0
Asia-Pacific	0	0	0	0	0	0	0	0	0	0
Europe & Africa	94	338 000	102	367 200	104	376 189	116	415 800	104	374 400
District cooling, total	2.4	8 480								
Americas	0	0								
Asia-Pacific	0.4	1 300								
Europe & Africa	2	7 180								
Gas, total	69	250 000	67	241 200	57	206 215	40	144 720	34	122 400
Americas	17	63 000	17	61 200	5	18 515	6	20 520	1	3 600
Asia-Pacific	13	47 000	14	50 400	18	65 318	4	13 680	4	14 400
Europe & Africa	39	140 000	36	129 600	34	122 382	31	110 520	29	104 400
Oil, total	2	7 100	1	3 600	0	792	6	21 384	14	50 400
Americas	0.1	270	0.9	3 240	0	320	2	8 820	9	32 400
Asia-Pacific	1.4	5 200	0.1	360	0	472	1	4 716	2	7 200
Europe & Africa	0.5	1 630	0	0	0	0	2	7 848	3	10 800
Direct CO₂ emissions	2004 (tons)*		2003 (tons)		2002 (tons)		2001 (tons)		2000	
(tons)										
CO₂, total	14 445		13 600		11 600		9 800		10 400	
Americas	3 506		3 700		1 100		1 500		2 600	
Asia-Pacific	3 010		2 800		3 700		1 500		1 300	
Europe & Africa	7 929		7 100		6 800		6 800		6 500	
Indirect CO₂ emissions	2004 (tons)*		2003 (tons)							
CO₂, total	189 640		168 285							
Americas	52 280		44 266							
Asia-Pacific	25 119		11 001							
Europe & Africa	112 241		113 018							
VOC emissions to air	2004*									
Total, kg	33 345									

Environmental data

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Water	2004 (m3) *	2003 (m3)	2002 (m3)	2001 (m3)	2000 (m3)
Water, total	1 281 500	1 050 449	1 163 000	1 138 000	754 000
Americas	465 400	347 593	388 000	516 000	229 000
Asia-Pacific	402 846	335 838	427 000	286 000	267 000
Europe & Africa	413 254	367 018	348 000	336 000	258 000
Discharges to water	2004 (tons)*	2003 (tons)	2002 (tons)	2001 (tons)	2000
(tons)					
BOD5	333	306	316	323	362
TSS	440	404	418	426	477
N	53	49	51	52	58
P	13	12	13	13	14
Waste	2004 (tons)*	2003 (tons)	2002 (tons)	2001 (tons)	
All waste, total	27 072				
Solid waste, total	26 605	25 600	24 600	26 200	
Americas	6 133	7 860	6 900	9 200	
Asia-Pacific	3 734	2 900	3 200	3 200	
Europe & Africa	16 738	14 840	14 500	13 800	
Recovery rate %	84	78	76	67	
Other waste, total	467				
Americas	70				
Asia-Pacific	21				
Europe & Africa	376				
Recovery rate %	71				
Use of ODS	2004 *	2003	2002	2001	2000
ODP, total	139	54	59	45	20
Environmental data	2004 *	2003	2002	2001	2000
in relation to net sales					
Net sales (EURm)	29 267	29 500	30 016	31 191	30 376
Energy consumption (GJ/ EURm)	95	87	83	80	67
Direct CO ₂ emission (tons/EURm)	0.49	0.46	0.39	0.31	0.34
Water consumption (m ³ /EURm)	44	36	39	37	25
Solid waste (tons/ EURm)	0.91	0.87	0.82	0.84	
Total waste (tons/ EURm)	0.92				
Use of ODS (ODP kg/ EURm)	0.005	0.002	0.002	0.001	0.001

Notes:

- * Data collection scope expanded in 2004 to cover all buildings and sites of over 3000 sqm. The figures of 2004 are thus not directly comparable with previous years.
- The increase of regional and global consumption figures/amounts is mainly due to the increased number of buildings included in the reporting scope, and partly also due to the increased production volume and increased number of employees.
- Overall electricity consumption shows little change and included, among other things, the impact of increased 3G testing.
- Oil is used for production of reserve power.
- Higher total water consumption is mainly due to a significant increase in

water consumption in Americas. A project to investigate the reasons for this will be started during 2005.

- In general the reported total waste amount has increased due to the increase in production volume and headcount as well as expanded data collection scope.
- Other waste includes fractions that are considered separate from solid waste streams because of their specific nature.
- In all regions the recovery rate is higher than in previous year.
- Nokia uses no ODS in its products or production. The reported ODS figures are due to ODS contained in cooling systems in facilities.
- The collection systems and metrics are under further development.



We aim to continuously improve and expand our reach, scale and impact on communities.

Social

Overview

As market leader and a leading world brand, our impact on society comes with responsibilities that go beyond providing useful, safe and quality products. For instance, we need to consider how to help bridge the digital divide, how working conditions are made safe within our company and our supply chain, and how we can make mobile communications universal while respecting local economies and cultures.

In January 2004, we reorganized our company structure to further align our business with the dynamics of a changing industry. Success in implementing the new structure was underscored by focused efforts made companywide in learning to work together effectively within an entirely new framework. The reorganization also reemphasized the importance of the Nokia Values as the guiding principles for all Nokia employees. In line with this, our core values have been broadened and revitalized to reflect changes in our internal way of working and external business environment.

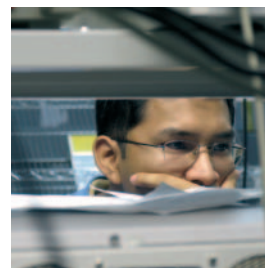
During 2004, we continued our work in building a more diverse and inclusive workplace. Our persistence over time in building awareness on the importance of diversity and inclusion is beginning to pay off in that we are seeing diversity featured more and more prominently on middle management agendas. In the shift from diversity towards inclusion, we are also seeing increased emphasis on employee engagement and involvement as the key to benefiting from differences and helping individuals and teams perform to their fullest potential.

In Occupational Health and Safety (OHS), a global governing structure for all OHS activity has been put into place, helping to ensure that our performance does not vary among regions and sectors. The fundamental principles of our OHS initiative are based on the International Labor Organization's standards and codes of practices.

In supply-chain management, during the year we continued to engage with customers and suppliers, while also going deeper into our own practices, carrying out in-depth ethical assessments on the labor conditions of our own manufacturing operations. Areas where improvement was required were identified and corrective actions were quickly taken. However, clearly this kind of comprehensive audit has helped us fine-tune an even swifter more effective future response.

Developments during 2004 in community involvement included the expansion of our youth life-skills program, Make a Connection, and successful pilot results for Bridgeit, a tri-sector partnership program, led by Nokia, that delivers digital education materials to schools using mobile technology. Bridgeit is especially relevant to developing countries and remote regions, and draws on the expertise of Nokia, IYF, Pearson, and the United Nations Development Programme.

We also conducted a range of local activities in communities where we work, including employee volunteering, disaster relief and corporate giving, while maintaining a company-wide focus on youth and education.





The wellbeing of our employees is fundamental to the way we conduct our business.

Employee well-being

Our aim is to create an environment in which employees can fulfill their potential, starting with our core values: respect, renewal, achievement and customer satisfaction.

These shared values are the foundation of our employee programs, providing a common point of reference as they are newly introduced in diverse countries and cultural settings.

There are several specific areas that contribute to employee well-being including diversity, equal opportunity, occupational health and safety, work-life balance and the potential for personal and professional growth. The future success of our business compels us to address these areas and several members of our group executive board and HR board take individual responsibility for carrying out our key people management strategies.

Nokia's People Strategy rests on three core strategies:

- **Ensure that Nokia is a great place to work for a global workforce**
- **Drive competence renewal to enable business success**
- **Enable an adaptive, self-renewing organization**

Personnel by region 12/2004

Region	Number of employees	Fixed	Permanent	Full-time	Part-time
Europe & Africa	35 997	2 009	33 988	35 328	669
Americas	11 254	819	10 435	11 224	30
Asia Pacific	8 117	182	2 980	3 162	0
Total	55 368	7 479	47 889	54 669	699

10 major countries by personnel 12/2004

Country	Number of employees	Fixed	Permanent	Full-time	Part-time
Finland	22 958	833	22 125	22 445	513
USA	6 691	57	6 634	6 663	28
China *	4 736	4 431	305	4 736	0
Hungary	3 778	932	2 846	3 778	0
Germany	3 522	77	3 445	3 480	42
Brazil	2 640	689	1 951	2 640	0
United Kingdom	1 903	22	1 881	1 864	39
Denmark	1 296	11	1 285	1 277	19
Mexico	1 163	47	1 116	1 163	0
South Korea	713	0	713	713	0

* All employee contracts in China are typically fixed term even though the nature of the employment is permanent.

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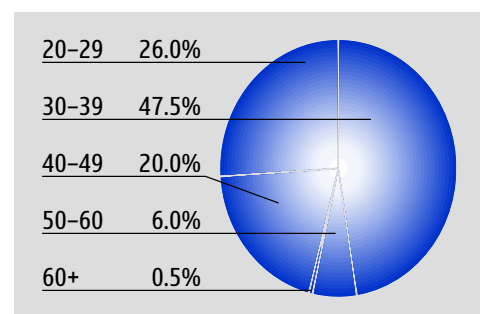
Benefiting from diversity in the workforce

A diverse and inclusive workplace is an important aspect of employment at Nokia, and we commenced several initiatives in 2004 to maintain and improve it. Each of our four business groups took responsibility for building their own business-specific diversity and inclusion programs. Each entity is focusing on further defining their approach to diversity management as well as ensuring that diversity and inclusion are integrated in day-to-day thinking and behavior. Diversity plans include building competences to lead diverse groups, as well as actively encouraging employees to find ways to benefit from differences among team members.

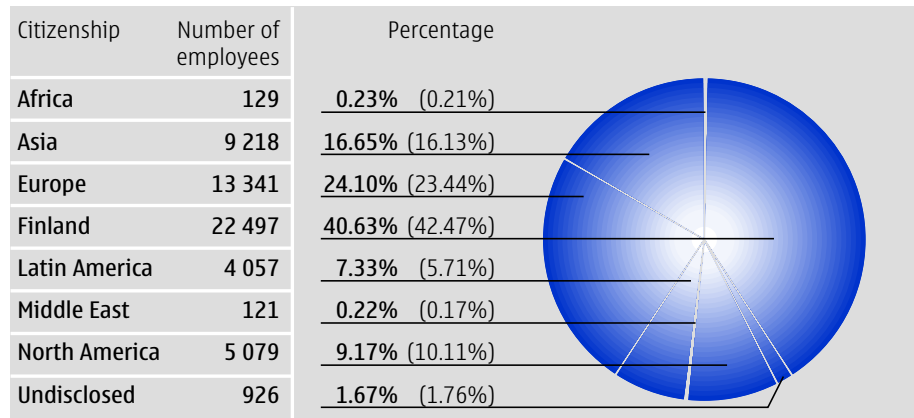
Another major development in 2004 was the launch of a diversity learning path for the structured development of diversity competences within Nokia. Our action learning approach enables the creation and use of knowledge during the course of day-to-day work.

Nokia is committed to ensuring equal opportunities in all of its employment practices, policies and procedures. Once job requirements have been fulfilled, no employee or potential employee will receive less favorable treatment on the basis of their race, color, nationality, ethnic origin, age, religion, gender, gender reassignment, sexual orientation, marital status, connections with a national minority, disability or membership or non-membership of a trade union. All Nokia locations worldwide are required to enact appropriate local policies on equal opportunity and harassment (including a description of harassment, grievance procedure and potential consequences), which enforce this principle within the framework of local legislation and custom.

Age



Citizenship 12/2004 (12/2003)



Investing in people

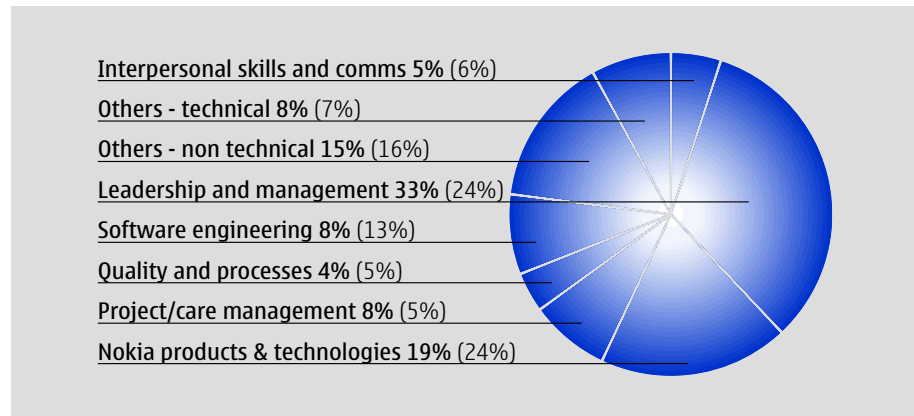
As collaboration, outsourcing, subcontracting and joint ventures become increasingly common, the definition of “employee” becomes quite fluid. It is essential for us to ensure that the companies we work with share our commitment to employee well-being, and support our core values and the Nokia Way. This ties in with our goals for 2004, which extend not only to the assessment of labor conditions at all Nokia factories, but also audits on the labor conditions of our supplier companies. These assessments support the collection of group-wide data and act as a catalyst for ongoing improvement as they report on practices in the context of ethics, law, human rights and workplace practices.

It is also essential for our business to invest in the systematic assessment and development of leaders. We aim to identify leaders at an early stage, and accelerate their personal development to meet the needs of our business strategy and organizational development. Furthermore, we seek to build our employees’ sense of self-reliance in career-related issues. Opportunities arise through job rotation, special projects, on-the-job and in-class training, and e-learning options. To measure success, we create mutually agreed personal-development plans for each employee twice per year, and review the completion of these plans.

Training for employees

	2004	2003	2002
Average training days per employee	6	4	5
Average cost of training per employee EUR	1 665	2 200	2 200

Training by competence areas 2004 (2003)



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Expansion of work-life balance program

However, an unhealthy narrow focus is not in the interests of our employees, their colleagues, or any business that relies on the sustained contribution of its personnel. In a challenging business environment, we understand the need to balance employee well-being with the desire to reach new markets and boost our economic performance. Recognizing this, an employee well-being program called, “LiveLife,” already under way in 2003 was expanded during 2004 to cover a major portion of our operations globally.

The program, which aims to assist our employees in achieving greater work-life balance, offers products and services to enhance their daily lives and work satisfaction, and is used as a way to ensure that Nokia remains an employer of choice. Some examples of locally tailored offerings include health and fitness assessments, seminars on work-life balance, financial planning assistance, seminars on managing personal wealth, flexible spending accounts, Nokia sponsored hobby groups, discounted travel and accommodation, sports teams, and social events such as Family Days.

Top down commitment to employee well-being

The commitment of Nokia’s senior management to employee well-being is best illustrated by their involvement in HR-related decision-making and personal sponsorship of HR strategies. Details of the Nokia HR management teams and their roles are provided in the online version of the Nokia Corporate Responsibility report.

Our people practices are based on the Nokia Code of Conduct, established international ethical standards and local legislation. This year an internal assessment of all of our mass production facilities worldwide was carried out using an in-house approach created in the spirit of the SA8000 standard. The goal of the assessments was to:

- **ensure a systematic assessment of our labor and occupational health and safety practices**
- **ensure that corrective/preventative actions are taken if needed based on the assessment results**
- **encourage the sharing of best practices among factories**
- **increase the level of knowledge on labor practices in different parts of the organization**

The assessments have shown that the Nokia Values and Code of Conduct are typically well understood and that management and human resources have a good understanding of local legislation and Nokia's global policies and guidelines. Recommendations for improvement were given to all of the factories and action plans created to ensure their swift implementation.

Health and safety in the workplace

During 2004, several initiatives in the area of Occupational Health and Safety (OHS) were initiated. These included:

- **A global policy on Occupational Health and Safety covering all of our employees**
- **internal OHS assessments of all of our production sites generating detailed action plans now being implemented on a local level**
- **a common set of definitions to improve our ability to gather and report on injury and illness data for the entire Nokia workforce**
- **the development of a systematic approach to assessing workplace hazards**
- **and the formation of a global ergonomic task force.**

Several actions will be implemented globally over a three-year timeframe. These include:

- **Developing an OHS Management System based on the OHSAS 18001 guidelines at our manufacturing sites.**
- **Continual internal OHS assessments.**
- **Global guidelines on the compilation of global injury and illness data**
- **Launch of a global and regional OHS website**
- **Improved access to information in areas such as stress in the workplace, nutrition and physical fitness.**

Employees talking back

Nokia believes in open dialogue and welcomes employees' views and opinions. Our annual employee satisfaction survey called "[Listening to You](#)" saw a slight increase in response rates with over 80% of employees responding. The survey helps measure employee satisfaction and enables Nokia to identify areas of strength and areas for development. Once the results are processed, managers share and review the organizational and unit results with their teams and together identify key issues for focused improvement, as well as develop action plans to drive positive change.

In addition to the annual survey, a variety of mini-surveys have been conducted during the course of the year to measure business and employee satisfaction. We believe this helps encourage continuous improvement. Nokia has developed two on-line discussion forums, which encourage open dialogue among employees. One forum known as Ask HR allows employees the option to ask questions to HR anonymously. The second forum called Jazz cafe also allows employees to carry on anonymous discussions on a variety of topics. The sites receive approximately 7 000 visitors a day between them and topics discussed include career and personal development, compensation and benefits, local and global practices and internal services.

Nokia has a company-wide performance management system called "Investing In People" (IIP). This system is closely aligned with company strategy and involves biannual discussions between employees and their managers. By encouraging employees to contribute to the planning and review of their IIP discussions, we try to clarify expectations relating to performance, the link between individual achievements and the Nokia strategy, and the basis for reward.

We try to meet expectations and learn from others

Nokia has strong relationships with a number of universities and research institutions. We support doctoral and thesis research around the world, and ongoing competence transfer between our researchers and their peers in the education sector. We also talk with local employee unions and work councils, and aim to ensure that we adhere to the local employment laws in every country we operate. For example, in Europe, Nokia hosts a gathering of employee union representatives and management called EuroForum, which is held twice a year.

In the event of redundancies, Nokia attempts to ensure the continued well-being and rights of individual employees through open communications, resource reallocation and consultancy in finding re-employment, in accordance with our values, local custom and legislation. We have a guideline in place for restructuring including change management, reorganization and communications. We also have an End of Employment Guide for managers covering both voluntary and involuntary (Termination of Employment) processes.

12mo voluntary attrition

Region	2004	2003	2002
Americas	4.60%	3.84%	
Asia Pacific	6.47%	7.37%	
Europe & Africa	5.90%	8.31%	
Finland	2.30%	2.82%	
TOTAL	3.97%	4.64%	3.50%



Nokia community involvement: youth at the forefront, locally relevant and results oriented.

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Community involvement

Community Involvement is part of the company's overall corporate social responsibility, business strategy, and everyday operations. Through these activities, we aim to make a measurable, positive difference in the lives of individuals and communities.

We invest in focused programs featuring cooperation among private enterprise, public and non-government organizations, and strong local participation. Our actions are directed towards youth and education, and we aim for a long-term, rather than temporary impact. Nokia's top management is fully committed to community involvement and engaged in the definition of program goals and policy, choice of countries, and program launches.

Our goals include greatly improved life skills of young people in areas such as self-confidence, creativity, teamwork, decision-making, conflict resolution, and citizenship. We also believe that if we encourage personal growth through education and the development of life skills, we will achieve more than by randomly writing checks or donating cash or equipment. Our investment also goes beyond money to continuous management involvement, contribution of business expertise, and employee volunteering.

Stakeholder dialogue extends from government departments, NGOs and intergovernmental organizations such as the United Nations, to local communities, academic institutions and our own employees. The tri-sector cooperation featured in the Bridgeit program is a particular case in point, bringing together governments, non-governmental and business interests for societal benefit. We maintain our connections with interested parties through many means, including participation in international conferences speaking engagements and in panel discussions. We also seek stakeholder feedback regularly through qualitative research.

In 2004, our global Community Involvement programs grew considerably.

Make a Connection

Make a Connection expanded from 16 to 19 countries. To date, more than 180 000 young people have directly benefited from the program, while over 1.8 million friends, family and community members have also benefited indirectly.

As the program approaches its fifth anniversary, it is becoming more widely known and respected. For example, the success of the program has led to an increase in the donor base in several countries including South Africa, while in Turkey, Make a Connection received a Platin Award from Platin, the nation’s leading business magazine.

During the year, we initiated a project with Brandeis University and the IYF to measure the benefits of the program for youth and their communities. Through retrospective and prospective studies, we aim to understand the outcomes of different program typologies, and improve them over time.

Bridgeit

The program was evaluated by the University of Philippines National Institute for Science and Mathematics Education Development (NISMED) during the pilot phase in 2003. The findings were published in 2004 and noted that Bridgeit:

- **Raised students’ performance and elicited more positive attitudes toward science and technology.**
- **Improved teachers’ competence and attitude in using technology**
- **Motivated the school officials, parents, and community leaders to give full support to technology-enhanced lessons in elementary school science**

At the end of 2003, we set a goal of doubling the number of schools in the Bridgeit program during the 2004/5 school year. This goal has been achieved, and Bridgeit is now active in 80 schools in the Philippines.

During the year, the Bridgeit program secured leveraged funding from USAID, which will support the expansion of the program in the Philippines in 2005–2007. This represents a significant boost to the sustainability of the program in the medium term, increasing the funding level, and broadening the donor base.

In March 2004, the Philippines Bridgeit program, “text2teach,” received two Gold Quill Awards for community relations and marketing from the International Association of Business Communications (IABC), a professional network of more than 13 000 business communication professionals in over 60 countries.

Employee Volunteering - Nokia Helping Hands

Nokia Helping Hands is our global employee volunteer initiative, through which thousands of employees contribute their time to worthy causes.

Nokia Helping Hands became an integrated part of our Human Resources organization in 2004, to help align volunteering and employment policies. This enabled the rollout of the Nokia Helping Hands initiative to 32 countries by the end of the year, creating a volunteering support channel for 96% of our employees. This support structure should result in the commencement and increase of activities in the future. Employee feedback has been positive, which is encouraging in terms of the long-term sustainability of our volunteering efforts.

Nokia Helping Hands

Countries	Number of countries	Volunteer hours 2004	Volunteer hours 2003
Russia		3 300	
Brazil		2 400	1 090
Mexico		2 300	
Finland		1 982	2 432
USA		1 902	2 053
Other		4 920	6 093
Total	32	16 804	11 668

In 2004, volunteering activities took place in 23 countries, including nature clean-ups, street collections, blood donations, clothing collections, children’s home renovations, and literacy programs. On a global level, we are now recommending that teams carry out one day of volunteering per year, to build team spirit and contribute to personal causes as well as Nokia’s own community programs.

Looking forward

Proving and improving our societal impact is fundamental to the targets we set in community involvement, and has several implications. First, it shifts the focus of corporate responsibility from expenditure to results. The question is not whether to spend one dollar or two. It is how to spend each cent in a way that maximizes the benefit to society.

Secondly, it means developing indicators and measurements for our programs that help to improve them over time. This is not necessarily directed at comparing different program types, but is aimed at improving the results within a program.

Finally, effective societal metrics may help us to align objective targets with non-profit organizations. Joint, objective targets will help to create greater accountability toward the community, and allow donees to focus more on results than donor management.

Together, these views explain the absence of financial targets for our programs. We do have targets that could be seen as proxies for financial expenditure, however, we hope to phase these out as research in this area develops.

Expenditure

2005

We do not believe it is wise to set targets based on expenditure, but we acknowledge and aim to meet the expectations of the community in this context.

End of 2007

In corporate circles, we hope to have led a shift away from metrics based on expenditure, towards metrics based on societal impact.

Societal impact

2005

In Make a Connection, our target is to build a valid measurement framework on which we can set annual objective targets. We are conducting a three-part, global program evaluation including retrospective studies in two countries and prospective studies in at least ten other countries. Baseline data will be collected in 2005 with post data anticipated for 50% of surveyed programs.

With the same overall goal in mind, we will assess the relevance of available research to our volunteering program, and we will continue to conduct in-depth, independent research for each Bridget program.

End of 2007

Our target is to have valid and reliable societal impact metrics, which support ongoing improvement. To the extent possible, we aim to use these to emphasize a holistic approach to community involvement, and base targets on geographical regions rather than programs. The difficulty in isolating the specific impact of our social programs is a known issue, and we hope that our research in this area will encourage other companies to follow.

Stakeholder cooperation

2005

In Make a Connection, we maintain an extensive stakeholder network, which will be extended in the areas of measurement and evaluation in 2005. We will also conduct a conference on youth and education, in cooperation with the International Youth Foundation.

In Bridgeit, cooperation will vary by country.

Philippines:

- Maintain contact and engage with the Department of Education in the Philippines
- Continue developing our relationships with our text2teach technical partners, Globe, Dream Broadcasting and Chikka Asia
- Develop further relationships with TV companies and local content providers.

Brazil and India:

- Develop relationships with prospective technical and program (training, content) partners
- Introduce the program to the Ministries of Education in both countries

In Nokia Helping Hands, we will aim to strengthen the role of operational HR in volunteering and extend volunteering initiatives to new countries and facilities.

End of 2007

For all programs, we would like to see evidence of stakeholder cooperation providing input to Nokia’s ongoing community involvement planning. For Bridgeit, a community of local content developers that can use the Bridgeit program as a platform for their work.

Involvement

2005

We aim to extend the Make a Connection program from 19 to 22 countries in 2005, Bridgeit from one to three countries, and Nokia Helping Hands from 32 to 35 countries.

As an example of program-specific targets, we aim to expand the Philippines Bridgeit program from 80 to 200 schools, train 720 teachers, 120 school principals, and align 240 new lesson plans with the national standards for English, science and mathematics.

We also hope to see 15 000 Nokia employees volunteering in 2005, delivering around 30 000 volunteer hours.

End of 2007

To some extent there is a tradeoff between the number of programs and the depth of each program. We will see some growth in the collective program rollout over the next three years, but we would like this growth to be based on research on societal impact rather than an arbitrary numeric target.

In Nokia Helping Hands, the number of countries in which employees actively volunteer will level off. Nevertheless, we hope to increase our employee participation to 35% of the workforce and approximately 35 000 volunteer hours per year.

Sustainability

2005

In Make a Connection, we are boosting research to measure societal impact. Valid and reliable metrics should boost the program's overall quality and sustainability.

In Bridgeit, we aim to secure the participation of international donors for three years, and to review the operations guide to ease replication.

In Nokia Helping Hands, we will build awareness of volunteering as a team building activity and we will strengthen our ability to administer volunteering activities across the company.

End of 2007

We are seeking a management framework that rests on valid and reliable metrics and supports ongoing improvement. In Bridgeit we hope to increase the participation of international donors, and see Bridgeit adopted by national governments and/or organizations, independent of Nokia funding. We also aim to prove (or otherwise identify) the benefits that are often claimed regarding corporate volunteerism, and move from "volume to value" in volunteering through activities that draw on the expertise of our personnel.

Measuring Impact

To make a positive impact on society, we need to identify indicators that will tell us whether we are succeeding and that help us to improve and refine our ongoing contribution to society. At present, we are working to identify transparent indicators to measure a program's impact within communities.

We recognize that programs like Make a Connection focusing on the incremental building of life skills over time need to be carefully measured and contextualized as part of the normal, healthy development of young people in communities. We understand that this takes time, but we are committed to the process and hope through our example to be able to contribute to the worldwide body of knowledge on effective practices to promote life skills.

Skepticism

We find that people can be skeptical of companies' motives, and that can inhibit the implementation of social programs and activities. Consequently, we are committed to fostering greater awareness of our Community Involvement initiatives among both the general public and our own staff. Engaging employees as partners in our community outreach activities remains an important objective.

Sustainability

Our social investments are made with an emphasis on achieving long-term, sustainable results. Recognizing that no single institution can hope to fully address today's urgent social challenges, we place a premium on collaboration. Leveraging the collective resources and expertise of the private, public, and nonprofit sectors will help to deliver lasting solutions.

Exchange Rate Volatility

The value of grants made in US dollars or euros will fluctuate, sometimes significantly, in the local currencies of our participating countries. To help reduce uncertainty for organizations based in those countries and to prevent the dilution of resources, we have absorbed the currency risk for these programs. As a result, all grants to countries through the International Youth Foundation are provided in local currency and Nokia absorbs the risk of local currency appreciation for these Make a Connection programs.



Our most successful initiatives are invisible, woven into our everyday business.

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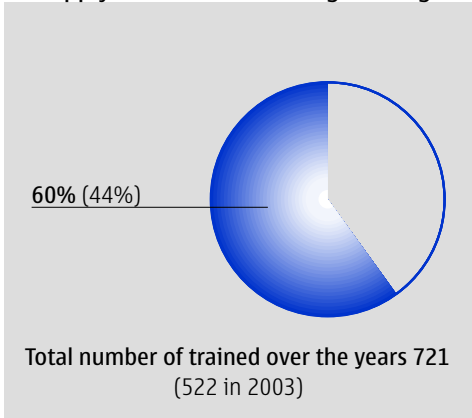
Supply chain

Products and services sold under the Nokia brand require sourcing practices that uphold internationally accepted standards and legal compliance on human rights as well as workplace practices throughout the value chain. We manage these matters with our suppliers and contract manufacturers by building cooperation into our business operations.

Nokia has comprehensive global Nokia Supplier Requirements that include ethical considerations for labor conditions. Our supplier selection process involves an assessment of their ability and willingness to comply with these requirements.

We aim to ensure compliance by including obligations in supplier contracts, training and communicating stakeholder expectations, as well as by conducting on-site assessments as part of the normal course of business. Our suppliers are expected to meet the Nokia Supplier Requirements through their own efforts, but we provide support when required.

**Sourcing & procurement personnel:
Supply chain ethics training coverage**



In an effort to influence the broader supply chain, Nokia suppliers are asked to apply the same standards to their own suppliers and to support this through monitoring and sharing best practices.

To ensure compliance with Nokia requirements, trained Nokia personnel conduct regular assessments as part of the supplier assessment process; this has been the practice for many years. In addition to the basic supplier assessment process, Nokia also conducts in-depth labor condition assessments.

During 2004, we continued to conduct both regular assessments and in-depth labor conditions assessments at supplier sites in different countries throughout the world. We also conducted a supplier self-assessment. Typical areas for improvement were in: health and safety requirements, overtime hours, pay structure, freedom of association (where it is legally restricted), sub-supplier monitoring systems, and disciplinary practices (fines). According to the assessment process, the supplier develops a corrective action plan to address any non-conformance and Nokia follows up on corrective actions being carried out.

Mutual learning is one of the key benefits of conducting labor conditions assessments. In the case of most of our suppliers, Nokia has been the first customer to conduct an in-depth labor conditions assessment at their site.

Nokia Supplier Days are held for both our networks business, and our mobile phone and device businesses. These events bring top management from our suppliers and Nokia together to review upcoming strategies and topical issues. During the 2004 Supplier Days, Nokia's commitment to supply-chain ethics was reinforced by senior management. To increase our transparency, according to plan, and in response to stakeholder expectations, we have expanded the amount of information available publicly on our websites. In October 2004, we also organized our first supplier workshop dealing with corporate responsibility. The top three issues rated as those that we as companies can influence were: mindset & understanding, implementation and sharing information, and methods and tools. The outcome of the workshop was a list of recommended actions to be taken up by participants and their respective companies for consideration.

In addition to the sourcing of our products and services, the focus of our supply-chain ethics has been expanded to cover Nokia's indirect, non-production-related purchasing such as cleaning and catering services for Nokia facilities.

We will continue to train our sourcing personnel in supply-chain ethics, and to communicate Nokia's Supplier Requirements to our suppliers as well as to monitor their compliance. It is important for our suppliers to have a thorough understanding of our ethical and environmental expectations as well as those of our other stakeholders. We will continue to provide information through our regular supplier communications and follow up with assessments so that our words are translated into actions.

Nokia Code of Conduct

Revised on April 19, 2005 (created 1997)

Nokia has always recognized that its own long-term interests and those of its various stakeholders¹ depend on compliance with the highest standards of ethical conduct and applicable law. The Code of Conduct has been approved by Nokia's Group Executive Board and is introduced and reinforced to Nokia employees through induction, training and internal communications. The Nokia Values are embedded in this Code, and every Nokia employee² is expected to conduct himself or herself, and his or her business, in line with this Code without exception. Stricter guidelines or more detailed instructions may be appropriate for certain regions or countries, but they should not contradict this Code. Nokia periodically reviews this Code and is committed to making changes in its content and implementation when changes or further clarification so demand.

Ethics and the Law

Nokia is strongly committed to the highest standards of ethical conduct, and full compliance with all applicable national and international laws. This includes, for example, those relating to antitrust and promoting fair competition, corporate governance, preventing bribery, illicit payments and corruption, publicly traded securities, safety in the intended use of the products and services Nokia delivers to customers, labor laws and practices, the environment, human rights laws and internationally recognized standards, and protecting copyright, company assets and other forms of intellectual property. Nokia's goal is not mere minimum legal compliance, but as an industry leader to be among the world's best in corporate responsibility, practicing good corporate citizenship wherever it does business.

Nokia respects the privacy and integrity of its stakeholders and endeavors to adhere to strict standards when processing personal data and product information. All personal data collected and held by Nokia will be processed fairly, lawfully and carefully and in a way that protects the privacy of individuals.

Human Rights

Nokia will respect and promote human rights. Nokia recognizes, with the international community, that certain human rights should be considered fundamental and universal, based on accepted international laws and practices, such as those of the United Nations' Universal Declaration of Human Rights, International Labour Organization and Global Compact principles. Among those rights that Nokia views as fundamental and universal are: freedom from any discrimination based on race, creed, color, nationality, ethnic origin, age, religion, gender, gender reassignment, sexual orientation, marital status, connections with a national minority, disability, or other status; freedom from arbitrary detention, execution or torture; freedom of peaceful assembly and association; freedom of thought, conscience and religion; and freedom of opinion and expression. Nokia will not use child or forced labor. Nokia will not tolerate working conditions or treatment that are in conflict with international laws and practices.

Conflicts of Interest, Gifts, & Bribes

Nokia employees must avoid activity that leads to a conflict of interest. This includes, but is not limited to acceptance and giving of personal gifts or hospitality to or from Nokia stakeholders, other than gifts of nominal value³ or reasonable hospitality given in the

ordinary course of business. Any agreement or understanding regarding favors or benefits in exchange for the gifts must be avoided. Gifts of other than nominal value may not be accepted without full disclosure to and prior relevant clearance from the employee's supervisor. Nokia and its employees will not pay or offer to pay bribes or illicit payments to government officials or candidates, or other parties, in order to obtain or retain business. Nokia does not provide financial support to political parties or other political groups. Nokia employees must not profit, nor assist others to profit, from opportunities that are discovered through the use of corporate information or position. Nokia employees must not use corporate assets for other than legitimate business or other authorized purposes. Nokia employees must also not compete with the company.

Workplace Practices

Nokia employees must respect and encourage Nokia Values at work, promoting teamwork, individual responsibility, and the strength that comes from diversity. Nokia will strive to pay fair compensation, and provide a safe and healthy workplace for employees. Nokia is committed to equality of opportunity in all its employment practices, policies and procedures. Job requirements fulfilled, no employee or potential employee will, therefore, receive less favorable treatment due to their race, creed, colour, nationality, ethnic origin, age, religion, gender, gender reassignment, sexual orientation, marital status, connections with a national minority, opinion, disability, membership or non-membership of a trade union. Nokia will continue to invest in the personal and professional learning and growth of Nokia's employees. Nokia will encourage its employees to lead balanced personal and professional lives.

Environment

Nokia's environmental activities are based on life-cycle thinking. The goal is to reduce environmental effects during our product life cycles. This is done by managing our own operations and our supplier network, incorporating Design for Environment (DfE) into our product development, processes and service design and supporting sound End-of-life practices. Nokia does not use any endangered species for any business purpose and furthermore requests that its suppliers avoid raw material procurement from an origin where there are clear human or animal rights abuse, or the method of procurement or distribution is illegal. In marketing and other company activities, Nokia will depict animals in a dignified manner.

Suppliers

Nokia will do its utmost to contract only with subcontractors or suppliers who themselves adhere to international human rights and environmental laws and practices. Nokia commits to monitoring the ethical performance of its suppliers and to taking immediate and thorough steps in cases where the ethical performance of its suppliers comes into question.

Implementation

The compliance commitment in this Code extends to all matters, including decisions relating to trade, investment, subcontracting, supplying, business development, and in all other business and employment relationships. Nokia's approach to implementing this Code of Conduct will be active, open and ethically sound. Although difficult questions of interpretation may arise in specific instances, particularly regarding the need to sensitively balance

local customs and requirements with global standards and guidelines, Nokia recognizes that the above commitment means that Nokia will do its utmost to resolve any identified ethical, legal, environmental, employment, and human rights issues consistent with this Code of Conduct.

It is the responsibility of each Nokia employee to promote this Code. Questions about the application or meaning of any provisions of this Code, or potential violations of this Code are to be reported to superiors. The superior shall make an initial judgement on the nature and seriousness of any alleged reported violation.

In case of serious allegations regarding potential violations of this Code that are not obviously and evidently without any merit, a fair and comprehensive investigation will be conducted by line management closest to the issue with the assistance of relevant corporate support functions. If referral to one's superior or these representatives could be viewed in any manner as a conflict or inappropriate, more senior managers or global heads of these functions should be notified and oversee the investigation.

If the potential violation of this Code would have a financial impact, which is not insignificant in nature, the matter shall be reported to the General Counsel who will share the information with the Chief Financial Officer and the Corporate Controller. A fair and comprehensive investigation will be conducted with relevant internal and/or external assistance and the matter reported to the Audit Committee.

All investigations regarding alleged potential violations of this Code must be conducted in accordance with the principles set out in the company's internal investigation procedures.

The Board of Directors has established an electronic channel and a physical mailing address, both available on the company's website, through which concerns and issues can be confidentially and anonymously addressed to the Board of Directors, its non-executive members, or its subcommittees. Issues related to Nokia's accounting, internal controls, or auditing matters are to be addressed to the Audit Committee.

Acts inconsistent with this Code must be promptly corrected and are subject to disciplinary action up to and including termination of employment. Nokia will ensure that there will be no adverse work-related consequences as a result of an employee bringing complaints of violations of this Code.

- 1 **The term "stakeholders" refers to employees, customers, suppliers, shareholders, governmental and non-governmental organizations, the communities in which it does business, and other parties that have influence over or are influenced by Nokia.**
- 2 **This Code is equally applicable to employees, officers and directors of the company. Any waiver of the Code for executive officers or directors may be made only by the Board of Directors or a Board Committee and must be promptly disclosed to shareholders.**
- 3 **Nominal value is defined as EUR 100, though local and national laws take precedent if stricter. A company-wide standard operating procedure on gifts and hospitality exists to give employees further instructions. Stricter regional or national policies may be adopted where appropriate.**

GRI and Global Compact compliance

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GRI (Global Reporting Initiative)											
GRI	PDF	Page									
EC 1	10-14, 29,30	EN 1	16, 26	LA 1	29-32	HR 1	29-30, 45	SO 1	31, 36-42, 43-44	IO 1-2	-
EC 2	11, 12	EN 2	-	LA 2-3	-	HR 2	43-44, 46	SO 2-3	45-47	IO 3	3, 23-24, 33, 46
EC 3	10, 14	EN 3	16, 25	LA 4	35	HR 3	7, 43-44, 46	SO 4	9, 37	IO 4	23-24
EC 4	-	EN 4	-	LA 5-7	33	HR 4	30, 31, 45-46	SO 5	45-47	IO 5	23-24
EC 5	14	EN 5	16, 26	LA 8	-	HR 5	35, 45	SO 6	45	IO 6	23-24
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EC 7	7	EN 8	16, 25	LA 10	30, 45-47	HR 7	31, 43-44, 45-46	PR 1	33	PA 1-2	6, 13
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EC 9	-	EN 33	7, 43-44	LA 12	31-32, 46	HR 9	30	PR 3-5	-	PA 5	13
EC 10	13, 36-42	EN 34-35	-	LA 13	35, 45-47	HR 10	30, 34	PR 6	17, 19	PA 6-7	-
EC 11	-			LA 14	34, 46	HR 11	-	PR 7	-	PA 8	8, 23-24
EC 12	13, 36-42			LA 15	34, 46	HR 12	30, 45-47	PR 8	17, 32	PA 9	23-24
EC 13	6-7, 9, 10, 12-14, 36-42			LA 16-17	31, 46	HR 13	30	PR 9-11	-	PA 10-11	-
						HR 14	-			TA 1-5	-

Global Compact 10 principles

GLOBAL COMPACT	PDF Page	Info for Reference Purposes
Human Rights		
1	29-30, 31-31, 43-44, 45-46	Businesses should support and respect the protection of internationally proclaimed human rights
2	7, 43-44, 46	Businesses should make sure that they are not complicit in human rights abuses
Labor Standards		
3	35, 45	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4	31, 43-46	Businesses should uphold the elimination of all forms of forced and compulsory labor
5	31, 45-46	Businesses should uphold the effective abolition of child labor.
6	30-31, 45-47	Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Environment		
7	15-22	Businesses should support a precautionary approach to environmental challenges
8	15-26, 3-35, 43-44	Businesses should undertake initiatives to promote greater environmental responsibility
9	15-26, 46	Businesses should encourage the development and diffusion of environmentally friendly technologies
10	45-47	Businesses should work against corruption in all its forms, including extortion and bribery.

Contact information

We welcome feedback from interested parties on our corporate responsibility, and our approach to reporting. Please send all comments to csr.feedback@nokia.com and we will endeavour to reply as promptly as possible.

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