



Modern Slavery Statement

NOKIA

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

Table of contents

1.0 Mapping our business and our supply chain

- 1.1 Nokia business profile
- 1.2 Nokia supply chain profile

2.0 Our Code of Conduct and related policies

- 2.1 Zero tolerance for child and forced labor
- 2.2 Freedom of association and collective bargaining
- 2.3 Human Resources Policy

3.0 Due diligence and training

- 3.1 Driving improvement by training and competence development
- 3.2 In-depth training and guidance for on-site personnel
- 3.3 Finding a solution to Conflict Minerals

4.0 Providing grievance mechanisms

5.0 Next steps

- 5.1 Increasing supply chain transparency
- 5.2 The role of technology in tackling modern slavery

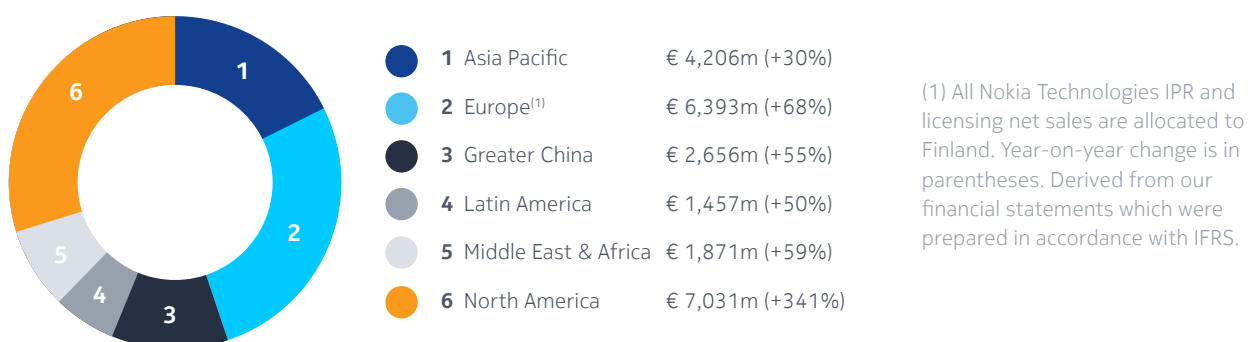
Mapping our business and our supply chain

1.1 Nokia business profile

Nokia is a global leader in creating and delivering the technology to connect the world, powered by the research and innovation of Nokia Bell Labs. Our customers include communication service providers, public sector agencies, large enterprises and also to an increasing extent consumers.

Our company is divided into five business groups: Mobile Networks, Fixed Networks, IP/Optical Networks and Applications & Analytics (together Nokia's Networks business), and Nokia Technologies. In 2016, we had a global presence with operations in Europe, the Middle-East & Africa, Greater China, North America, Asia-Pacific and Latin America, with sales in approximately 130 countries, and 101,000 employees worldwide.

Net sales by region 2016



While an estimated 2% of the Nokia workforce work in manufacturing, the remaining 98% of Nokia employees are mainly employees who work in R&D, in the maintenance of network hardware and infrastructure, or employees working in corporate roles including sales, legal, finance or other business support functions. These roles require completing some form of further education, and we therefore conclude the risk of encountering modern slavery in Nokia's own operations is somewhat unlikely.

1.2 Nokia supply chain profile

Identifying the part of supply chain most at risk

Our global supply chain consists of three categories of procurement; product procurement, which refers to the materials that go into our products, services procurement, which consists of services we offer to our customers such as network planning, installation, maintenance and construction work. The third procurement category is indirect supply, which consists of goods and services we buy to operate our business such as IT, logistics, legal and marketing services.

While our services suppliers are literally located around the world, an estimated 80% of our total supplier spend is distributed across approximately 480 global suppliers.

¹ www.nokia.com/en_int/about-us/who-we-are/nokia-in-2016

Risk assessment of our direct supplier profiles

Sourcing Activity

Modern Slavery Risk

(based on workforce skill level, risk of informal employment etc)

Product Procurement	
Electronic components	High
Electromechanical	High
Electronic manufacturing services, subassemblies, hardware solutions	High

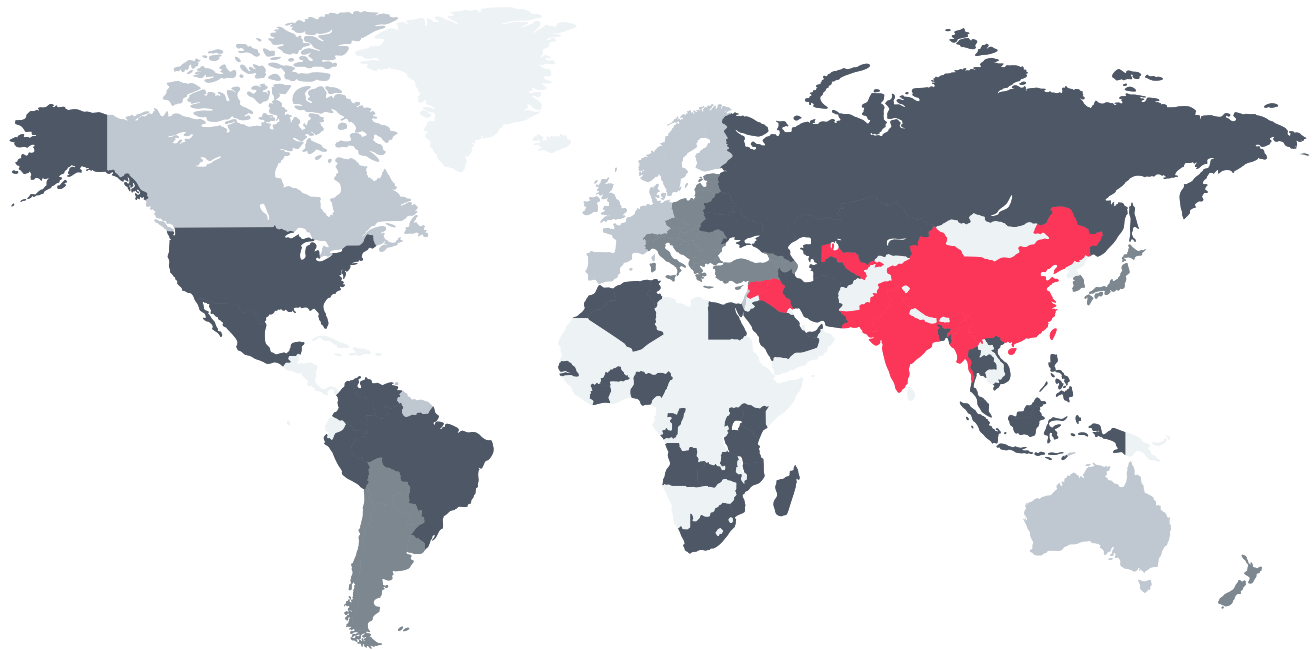
Services Procurement	
Network installation and Managed services	High
External Workforce Services	Low
Repair and Spares	Low
Network planning and optimization	Low
Site Materials	High

Indirect Procurement	
Logistics, Travel and Fleet	High
Facility Services	High
Professional Services e.g. IT, finance, legal, marketing	Low
IT Procurement	Low
R&D solutions	Low
Testing and manufacturing equipment	Low

Geographic risk

The top three regions for Nokia Net sales in 2016 were Europe, Asia-Pacific and China. While Europe is among the top three regions, stronger state enforcement of labor laws in this region mitigate the risk of modern slavery presence to medium, instead of extreme or high risk. Therefore, our risk assessment concludes the risks of modern slavery in the above-listed supplier workforce categories remains the highest in Asia-Pacific and China.

Nokia country presence modern slavery risks assessment



- Extreme risk 0 - 2.5
- High risk > 2.5 - 5
- Medium risk > 5 - 7.5
- Low risk > 7.5 - 10
- No significant area of operation

This map is an aggregate of a selection of Verisk Maplecroft indices. The map covers countries where we have significant business with suppliers, but may not cover all countries where our suppliers operate.

Our Code of Conduct and related policies

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

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

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

We are aligned with the SA8000 Standard, and the common industry code of conduct. Our policies, Standard Operating Procedures (SOP), and Employment Guidelines are implemented to help achieve the high standards we have set ourselves.

Our policies & SOP's cover:

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

This approach is also applied to our suppliers and partners.

2.1 Zero tolerance for child and forced labor

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

2.2 Freedom of association and collective bargaining

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

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

2.3 Human Resources Policy

Nokia is fully committed to complying with the applicable employment and labor laws and regulations wherever we do business, including wage & hour, privacy, immigration, compulsory and child labor, collective bargaining, anti-discrimination, working time and similar employment rules.

Due diligence and training

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

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

An overview of our Supplier Requirements on corporate responsibility is available [here](#)

We ensure supply chain compliance through regular and robust assessments, and work with suppliers to improve their performance where needed. The types of supplier audits we conduct include the standard Nokia Supplier Requirement Audits as default pre-screening for any new suppliers, and more in-depth audits on labor conditions and environmental management, which are scheduled annually according to a supplier auditing plan.

These in-depth audits are conducted in line with the SA8000 methodology, and they include document reviews, interviews with managers and employees, and site visits, as well as inspections of facilities, production lines, and warehouses.

We also increasingly assess our suppliers through EcoVadis, where their policies, procedures, actions, and results regarding sustainability are assessed and scored by an independent analyst.

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

In 2016, we implemented 390 supply chain audits, which included 45 on-site audits on Corporate Responsibility topics, 39 were on-site audits against our full set of supplier requirements, and 306 suppliers were assessed using the EcoVadis scorecards.

You can read more about our performance, which we report annually against set KPIs, from our sustainability report as indicated below²:

KPI	Nokia People & Planet Report Page No.
Number of CR audits and assessments	p.113
Number of suppliers participating in sustainability workshops and webinars	p.113
Examples of audit findings and corrective actions taken	p.115

² www.nokia.com/sites/default/files/nokia_people_and_planet_report_2016_3.pdf

3.1 Driving improvement by training and competence development

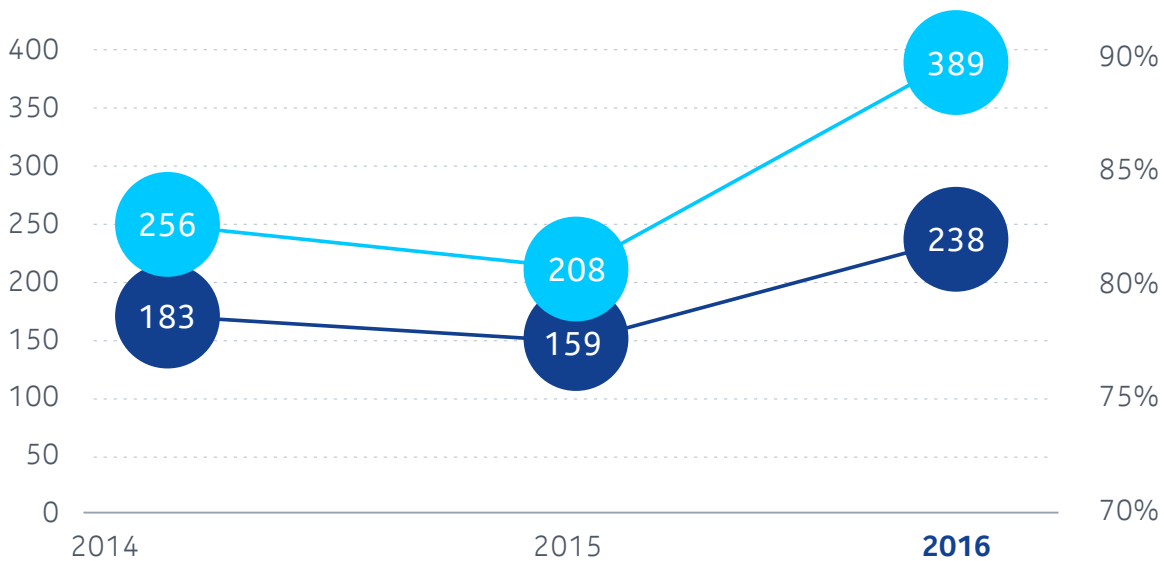
While we conduct assessments to ensure compliance, we realize that assessments alone are not sufficient to drive continuous improvement and competence development on sustainability. By improving the competencies and transparency around labor conditions and workers' rights, health and safety, carbon efficiency,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

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

We also provide to our suppliers corporate responsibility related awareness and competence development through online training, webinars and on-site training workshops. In 2016 we conducted on-site training workshops in 12 "extreme" or "high" risk countries for modern slavery such as Bangladesh, Indonesia, Thailand, India, China, Egypt, Morocco, Brazil, and Colombia.

Altogether, in 2016 we conducted on-site training workshops for 238 suppliers; thus together establishing improvement plans and further actions for them.

Training for suppliers



- Number of suppliers participating in Nokia sustainability workshops and webinars
- Number of management-level supplier employees participating in Nokia sustainability workshops and webinars

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

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

3.3 Finding a solution to Conflict Minerals

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

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

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

We collaborate with our industry peers through the Conflict Free Sourcing Initiative (CFSI), set up by the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI), to improve the traceability of minerals and ensure responsible sourcing. We have developed a robust due diligence approach, aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals.

We encourage suppliers to participate in the Conflict-Free Smelter Program (CFSP) audit to underscore and validate their status as a conflict-free supplier. As a result, 84% of smelters identified as part of Nokia's supply chain have been validated as conflict-free or are active in the validation process.



Providing grievance mechanisms

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

Next steps

5.1 Increasing supply chain transparency

As a company with a global footprint, it is our policy to continuously aim to increase transparency in all areas of sustainability reporting. Moving forward in our next statement, we plan to elaborate further on our work by providing concrete use case examples of some of the actual issues we have encountered to-date, and also by providing more information on the specific actions taken to solve those issues.

We will also continue our annual reporting against the long-term targets and KPIs in our sustainability report.

5.2 The role of technology in tackling modern slavery

While it is often perceived that ICT may enable many activities related to modern slavery, it is our mission to help find ways in which the technology we provide can be used to eradicate modern slavery.

We work with others in the industry to identify ways how we can, as an industry, contribute through actual concrete solutions in tackling some of the issues related to modern slavery.

Moving forward, we will also continue to call on other ICT companies to join us in this dialogue.

This statement covers the financial year of 2016.

Rajeev Suri

President and Chief Executive Officer
Nokia Group

Nokia is a registered trademark of Nokia Corporation. Other product and company names mentioned herein may be trademarks or trade names of their respective owners.

© 2017 Nokia