

Modern Slavery Statement

NOKKIA

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

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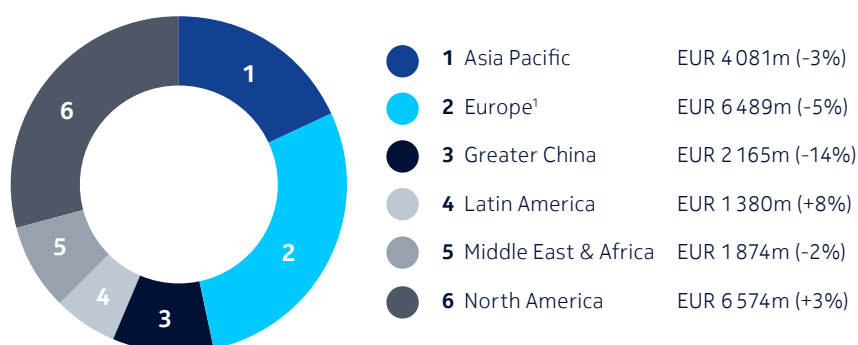
Mapping our business and our supply chain

1.1 Nokia business profile

We create the technology to connect the world. We develop and deliver the industry's only end-to-end portfolio of network equipment, software, services and licensing that is available globally. Our customers include communications service providers who use our solutions to support 6.1 billion mobile subscriptions, as well as enterprises in the private and public sector that use our network portfolio to increase productivity, efficiency, and enrich lives. Through our research teams, including the world-renowned Nokia Bell Labs, we are leading the world to adopt end-to-end 5G networks that are faster, more secure and capable of revolutionizing lives, economies and societies. Nokia adheres to the highest ethical business standards as we create technology with social purpose, quality and integrity.

We have seven business groups: Mobile Networks, Fixed Networks, IP/Optical Networks, Global Services, Nokia Software, Nokia Enterprise, and Nokia Technologies. Nokia Bell Labs leads the company's research and development. For more information see our financial report at www.nokia.com/investors

Net sales by region 2018



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

¹ All Nokia Technologies IPR and licensing net sales are allocated to Finland.

The figures are derived from our consolidated financial statements prepared in accordance with IFRS. Year-on-year change is in parenthesis.

1.2 Nokia supply chain profile

Identifying the part of supply chain most at risk

Our supply chain consists of three broad categories of procurement: Hardware suppliers which cover the materials that go into our networks products; Services suppliers for services that we offer to customers such as network planning, installation and maintenance and construction of the networks we supply; and Indirect suppliers which provide the goods and services we buy to conduct our business (IT hardware and software, logistics, consulting, financial, legal, marketing).

The majority of our manufacturing suppliers are based in Asia, whereas our services suppliers are located around the world. In 2018, we had business with approximately 14 000 suppliers, 80 percent of our total supplier spend was distributed across approximately 450 suppliers.

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 |

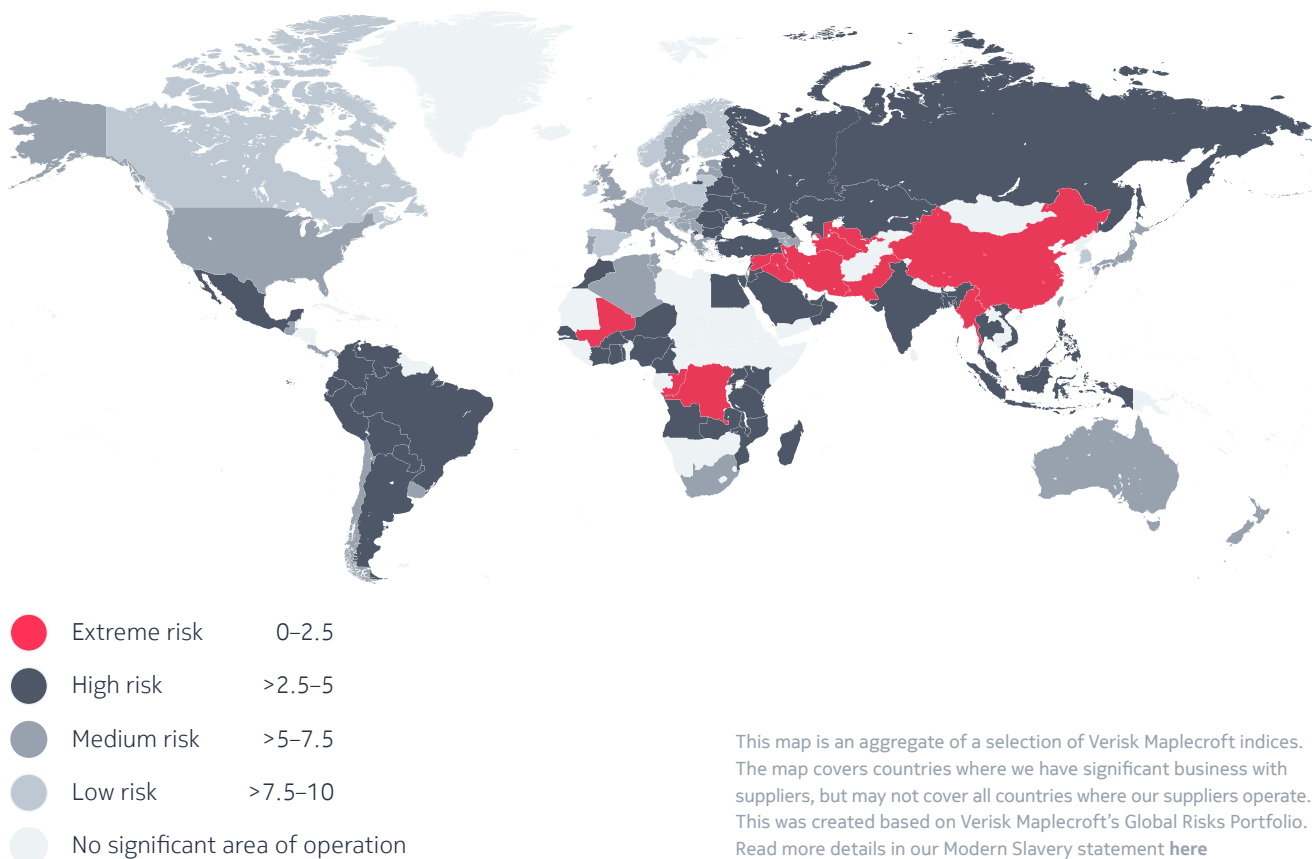
| Services Procurement | |
|---|------|
| Network installation and Managed services | High |
| External Workforce Services | Low |
| Repair and Spares | Low |
| Network planning and optimization | Low |
| Site Materials | High |

| 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's net sales in 2018 were Europe, Asia-Pacific and North America. While Europe is among the top three regions, stronger state enforcement of labor laws in this region mitigate the risk of modern slavery presence to medium, instead of extreme or high risk. Our risk assessment concludes the risks of modern slavery in the above-listed supplier workforce categories remains the highest in Asia-Pacific and China.

Nokia country presence modern slavery risks assessment



Our Code of Conduct and related policies

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

We offer multiple channels to report ethical concerns, through a dedicated email address, online portal, 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 regularly. Our Ethics Helpline is open for employees and external stakeholders. Our helpline allows for anonymous reporting.

Our Code of Conduct provides the basis for our labor conditions, and underpinned by our Global Human Resources Framework and local employment laws, policies and fair labor practices. We adhere to the United Nations Universal declaration of human rights and the Global Compact and wherever we operate we meet the requirements of labor laws and regulations, and oftentimes strive to exceed those laws and regulations.

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

Our policies & SOPs cover:

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

Helpline information

Email: ethics@nokia.com

Online website: www.nokia.ethicspoint.com

Phone: www.nokiaphone.ethicspoint.com

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 local and international practices.

2.3 Human Resources Policy

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

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

Due diligence and training

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

To demonstrate their commitment to respecting human rights and ethical business conduct, we expect all our suppliers to have in place relevant management systems, resources, and a company code of conduct. We also expect our suppliers to apply the same standards to their own suppliers. An overview of our Supplier Requirements on corporate responsibility is available **here**

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

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

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

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

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

In 2018, we implemented 364 (393 in 2017) supply chain audits, which included 75 (72 in 2017) on-site audits on corporate responsibility topics; 38 (47 in 2017) on-site audits against our full set of supplier requirements and 251 (274 in 2017) 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 compared to 2017 | p.108 |
| Number of suppliers participating in sustainability workshops and webinars | p.111 |
| Examples of audit findings and corrective actions taken | p.110 |

3.1 Driving improvement through training and capability building

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

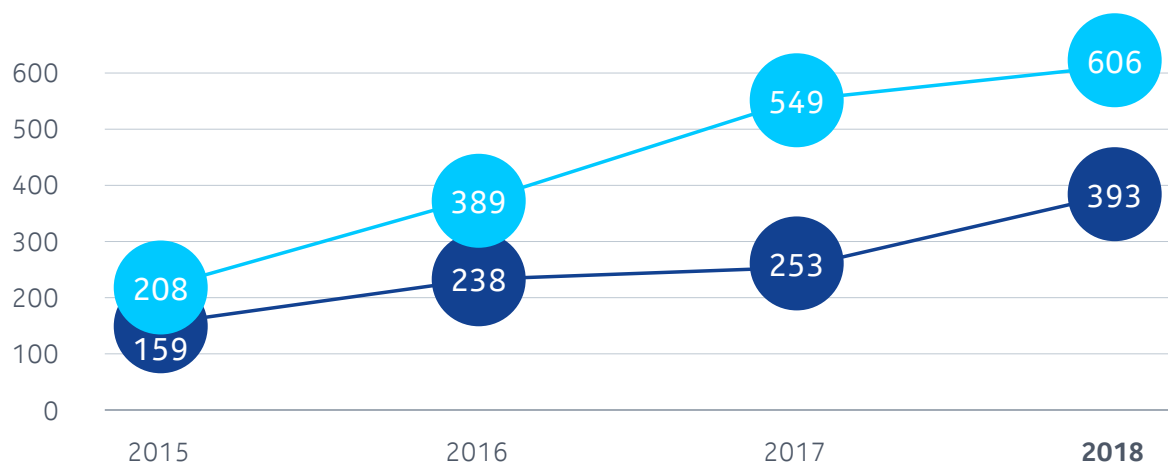
We start by building the needed capacity by training our own procurement teams first. They need to be equipped with the ability to communicate our requirements to suppliers and identify potential sustainability risks.

We also provide corporate responsibility related awareness and competence development to our suppliers through online training, webinars, and on-site training workshops. In 2018, we ran 11 (15 in 2017) training workshops for suppliers operating in high-risk countries such as Cameroon, China, Colombia, India, Malaysia, Mali, Myanmar, Mexico, Peru, Senegal, and Togo.

² https://www.nokia.com/en_int/about-us/sustainability

Supplier training

Supplier participation in Nokia sustainability workshops and webinars



● Number of participating supplier companies

● Number of participating management-level supplier employees

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

We carefully track working conditions as a key component of our sustainability approach to our supply chain. We place special emphasis on health and safety as our supply chain includes equipment installation and maintenance contractors who spend much of their time working at height, in confined spaces, and driving long distances.

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

3.3 Finding a solution to Conflict Minerals

A key area of our work with our supply chain is the ongoing potential risks identified in the mining, extraction and trade of metals that provide key minerals in electronic components. Risks include military conflict, human and labor rights violations and damaging impacts on the environment.

The traceability of our materials and ensuring our products are conflict-free is a priority for us, which is also reflected in our Conflict Minerals Policy³. We understand the challenges associated with conflict minerals⁴ 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 demand that our suppliers commit to sourcing these key materials from environmentally and socially responsible sources. We require our suppliers to show their commitment to only sourcing these materials, that either directly or indirectly contribute to conflict, from environmentally and socially responsible sources. As part of our work to ensure conflict-free minerals we collaborate with our industry peers through the Responsible Minerals Initiative to improve the traceability of minerals and ensure responsible sourcing.

We have developed a robust due diligence approach, aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals. We encourage suppliers to participate in the Responsible Minerals Assurance Program (RMAP) audit to underscore and validate their status as a conflict-free supplier. In 2018 as part of our ongoing work with the RMAP to identify and validate the smelters and refineries in our supply chain that are conflict-free or active in the validation process, we achieved an 84 percent validation level. A further 5 percent of smelters were identified where our due diligence efforts have demonstrated that the smelters can be reasonably considered as conflict-free, for example, by sourcing from recycled sources or from outside of the conflict affected areas. With the remaining smelters we are continuously taking steps to either receive Commitment from them to go through RMAP, or remove them from our supply chain.

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 the incidents and the investigations carried out in our annual sustainability report.

³ https://www.nokia.com/en_int/investors/corporate-governance/policies

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

Activities in 2018

5.1 Increasing supply chain transparency

As a global company with operations all around the world, it is our policy to aim for increased transparency in all areas of sustainability reporting. In May 2019 we published our annual sustainability report, Nokia People & Planet 2018, in which we again included several case examples of findings of non-compliance in supply chain audits and the actions taken to resolve those issues. In 2018, we did not identify any child labor incidents in our supply chain audits or in our own operations. However, in 2018, we did encounter three findings at one of our audits related to a young worker who was working in a hazardous area (dust) and exposed to overtime. The factory also did not have the required registration approval for employment of young workers from the local labor bureau. We immediately addressed and resolved as part of a corrective action plan and further emphasized child and young worker labor risks in training to suppliers.

Dealing with early warning signs

As part of our 75 in-depth audits carried out in 2018, we encountered seven cases where we saw potential risk of forced labor at our audits in China, India and Mexico, and therefore classified them accordingly.

Partial repayment by employee of training courses received if resigning within given time

We encountered two cases related to an obligation on employees to pay back course fees if they were to leave the company within six months after the training, which could place the employee at risk of being kept in a situation resulting in being forced to continue working as a result of not having the money to pay back the training fee.

This finding on forced labor is in the process of closing with our recommendation that paying back of the training course by the employees shall be stopped/not practiced in those cases where the training is a necessity to successfully execute the job the person is assigned to.

Lack of official paperwork

In another instance found in India, the supplier had not provided employees with appointment letters detailing relevant terms and conditions of employment. We requested that the supplier issue the letter and ensure such administrative lapses do not occur again.

Limit on dispatched workers

In another three cases, the percentage of dispatched workers exceeded the allowed 10 percent limit. We have requested the supplier to bring the percentage of contract workers to the 10 percent limit. We are following up on this request.

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

5.2 The role of technology in tackling modern slavery

In June 2018, we published our second Modern Slavery statement, with updated information. We continued our collaborative work to investigate ways in which the technology we provide can be used to eradicate modern slavery. We realize the potential risks of traffickers and other criminal groups and individuals using technology to conduct their criminal activities. We also realize that only by working with other key stakeholders can we drive greater impact and encourage concrete solutions to tackling issues related to modern slavery on the fight against trafficking, forced labor or modern slavery.

We established our multi-stakeholder Tech Against Trafficking coalition to explore ways in which technology can be used to combat the issue of human trafficking, and its appearance in supply chains. This coalition brings together global technology companies, civil society organizations, and the UN in a collaborative effort. The group has embarked on an ambitious project to understand and map the landscape of existing tech tools being used in the anti-trafficking sector. Over 200 anti-trafficking tools were identified, with the majority (approximately 69 percent) working to identify existing victims of human trafficking and address and manage the risk of child and forced labor in corporate supply chains. Read more [here](#).

5.3 Next steps

We will continue to drive the dialog on modern slavery and the role of technology at regional, national and international events, as a follow to events attended mainly in the UK and USA in 2018. We will continue to drive further cooperation on the issue of modern slavery and forced labor through The Tech against Trafficking initiative.

This statement covers the financial year of 2018.

Rajeev Suri,
President and CEO
Nokia Group

This statement applies to Nokia Corporation and its subsidiaries.

The following Nokia affiliates must report for the purposes of the United Kingdom's Modern Slavery Act: Nokia UK Limited; Nokia Solutions and Networks Oy; Alcatel-Lucent International, Radio Frequency Systems GmbH, and Alcatel Submarine Networks UK Ltd. The Board of Directors of Nokia Networks and Solutions Oy, for itself and the Nokia affiliates listed in this note approved this Statement on June 27, 2019.

Tommi Uitto, Chairman, Nokia Solutions and Networks Oy.

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