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.
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 Purchasing practices
2.2 Zero tolerance for child and forced labor
2.3 Freedom of association and collective bargaining
2.4 Human Resources and other policies

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
3.4 Enhancement of procurement processes

4.0 Grievance mechanisms and worker voice

5.0 Activities in 2019 and next steps
5.1 Increasing supply chain transparency
5.2 Collaboration and looking forward
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 whose combined networks support 6.4 billion subscriptions globally, as well as enterprises in the private and public sector that use our network portfolio to increase productivity 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 more energy efficient, faster, more secure and capable of revolutionizing lives, economies and societies. We adhere to the highest ethical business standards as we create technology with social purpose, quality and integrity. We have seven business groups: Mobile Networks, Global Services, Fixed Networks, IP and Optical Networks, 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 2019

The overwhelming majority 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 higher 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 network 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 2019, we had business with approximately 14,000 suppliers and around 80 percent of our total supplier spend was distributed across approximately 450 suppliers.

Risk assessment of our direct supplier profiles

<table>
<thead>
<tr>
<th>Master Category</th>
<th>Explanation</th>
<th>Modern Slavery Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Categories</td>
<td>(includes site installation and construction suppliers, managed services, technical support services, external workforce services etc)</td>
<td>High</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>(includes consulting services, HR services, legal services, marketing, facility services, travel and fleet, R&amp;D etc)</td>
<td>Low</td>
</tr>
<tr>
<td>Electromechanics &amp; RF Accessories</td>
<td>(includes cable and connector assy, PCBs, power systems, RF filters, metals, subracks etc)</td>
<td>High</td>
</tr>
<tr>
<td>Manufacturing &amp; Delivery</td>
<td>(includes final assembly, ODM, repair and spares, warehousing, test equipment, IT hardware etc)</td>
<td>Medium</td>
</tr>
<tr>
<td>Optical Components</td>
<td>(includes optical active discretes, optical passive, transceivers)</td>
<td>Medium</td>
</tr>
<tr>
<td>E2E Solutions &amp; Partnering</td>
<td>(includes vertical market solutions and incubation, OEM software solutions and platforms)</td>
<td>Low</td>
</tr>
<tr>
<td>Semiconductors</td>
<td>(includes semiconductors)</td>
<td>Low</td>
</tr>
<tr>
<td>Standard Components</td>
<td>(includes analog and standard components, RF &amp; timing, computational components etc)</td>
<td>Medium</td>
</tr>
<tr>
<td>Telecom &amp; IT Solutions</td>
<td>(includes telecom and IT solutions)</td>
<td>Low</td>
</tr>
</tbody>
</table>
Geographic risk

The top three regions for Nokia’s net sales in 2019 were Asia-Pacific, Europe and North America. While Europe and North America are among the top three regions, stronger state enforcement of labor laws in these regions mitigate the risk of modern slavery presence to medium or low, instead of extreme or high risk. Our risk assessment concludes the risks of modern slavery in the above-listed supplier workforce categories remain highest in Asia-Pacific, China and Middle East and Africa.

Nokia country presence modern slavery risks assessment

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

In 2019, we ran 6 (11 in 2018) training workshops for suppliers operating in China, India, Jordan, Mexico, Pakistan, and Vietnam.
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, including a dedicated email address, an online portal, a mobile app, and country-specific phone numbers. Our Business Ethics Helpline allows for anonymous reporting and is open to employees and external stakeholders. We respond to and investigate all concerns promptly and establish remediation plans as needed. Our Code of Conduct is the basis for our labor conditions and is underpinned by our Global Human Resources Framework and local employment laws, policies and practices. We adhere to the United Nations Universal Declaration of Human Rights and the United Nations Global Compact. Wherever we operate we meet and often strive to exceed the requirements of labor 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 cover our employees and are also applied to our suppliers.

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.
2.1 Purchasing practices

Our materiality analysis and Enterprise Risk Management help identify potential supply chain risks and we carry out more in-depth analyses to determine all supply chain risks. The outcomes are included in our category strategies related to nature and size, as well as monitoring and performance related requirements. We review category strategies annually. We also review the supplier location and business context. This approach helps ensure responsible purchasing practices across the company.

We furthermore run regular assessments with our supplier network to help them meet our ethical standards and improve performance as needed. Our general audit covers the full set of supplier requirements, including corporate responsibility requirements, and are often used with new high-risk suppliers or suppliers where there has been significant change in business or location.

2.2 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.

2.3 Freedom of association and collective bargaining

We respect the right to collective bargaining and freedom of association. Collective bargaining agreements are local, and in most countries where we have collective bargaining agreements, employees who have chosen not to be members of a union are also covered. Employees can choose freely to join, not join, or leave unions and associations and select their representatives based on local and international practices.

We encourage active, open communication and dialogue with employees and/or their representatives.

2.4 Human Resources and other policies

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.

In 2019 we also updated our Human Rights Policy to reflect our expanded portfolio and it is available here. The policy addresses the impact of our products and services on free expression, access to information, exchange of ideas, and economic development. Policies related to other human rights, for example rights related to fair labor practices, modern slavery and human trafficking, and environmental stewardship, are reflected in other company policies. Click here to see.
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.

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 and any updates are communicated to our suppliers as part of our supplier contracts, and we expect our suppliers to commit to these as part of their contractual obligations. An overview of those requirements can be found on our website. The requirements cover social, ethical and environmental issues. In 2020 we are adopting the RBA guidelines as the basis of our supplier requirements going forward, enhanced with our own requirements.
- Our Supplier Requirements are regularly reviewed based on evolving industry standards such as SA8000, or codes of such organizations as Responsible Business Alliance and Joint Audit Cooperation. The latest review was performed in 2019, and the updated document will be published on Nokia website in Q2 2020.

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. Our audits include tier 1 and tier 2 suppliers and we expect and encourage our suppliers to have audits of their next tier suppliers in place as one of our official supplier requirements.

All Nokia CR auditors are trained through the Social Accountability International 5 day training course on SA8000 standard which provides guidance on how to spot issues. Experienced auditors further train new auditors and share knowledge and experience.

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

<table>
<thead>
<tr>
<th>KPI</th>
<th>Nokia People &amp; Planet Report Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of CR audits and assessments compared to 2019</td>
<td>p.55-57</td>
</tr>
<tr>
<td>Number of suppliers participating in sustainability workshops and webinars</td>
<td>p.57</td>
</tr>
<tr>
<td>Examples of audit findings and corrective actions taken</td>
<td>p.56</td>
</tr>
</tbody>
</table>

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 also continuously look closely at our top 20 final assembly factories through monthly monitoring on core labor KPIs: working hours, rest day, and percentage of contracted labor.

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

In 2019, we implemented 332 (364 in 2018) supply chain audits, which included 45 (75 in 2018) onsite audits on corporate responsibility topics; 46 (38 in 2018) onsite audits against our full set of supplier requirements and 241 (251 in 2018) suppliers were assessed using the EcoVadis scorecards.

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

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

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 onsite training workshops. In 2019, we ran 6 (11 in 2018) training workshops for suppliers operating in China, India, Jordan, Mexico, Pakistan, and Vietnam. We expect and encourage our suppliers to cascade provided training materials to their entire personnel and to the next supplier tier.

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 Responsible 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 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 and Public-Private Alliance for Responsible Minerals Trade 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 2019 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 82 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.

In 2019 we also undertook mapping of cobalt in our components based on part material declarations. We addressed 41 relevant suppliers about our requirements related to cobalt and engaged them in exercising due diligence over cobalt supply chain by using the industry’s cobalt reporting template. We also engaged in cobalt smelter outreach and encouraged them to go through Responsible Minerals Assurance program.

We continued our work with the Public-Private Alliance in 2019, contributing to the development of in-region, on the ground programs, for example joining an industry delegation visit to DRC and Rwanda, where national and regional government and civil society stakeholder meetings were conducted and visits to mines completed.

3.4 Enhancement of procurement processes

We have engaged with our procurement category streams by setting minimum expectations for performance level of Preferred and Allowed status suppliers documented in procurement category strategies. The performance of suppliers across our sustainability monitoring programs such as onsite audits, CDP, EcoVadis, Supplier Health and Safety Maturity Assessment as well as the Conflict Minerals program contribute to our sustainability pillar which is one of the six pillars of our Supplier Performance Evaluation. Furthermore, there are performance requirements set for our Preferred and Allowed status suppliers across performance categories.

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2 Columbite-tantalite (coltan) (or its derivative tantalum), cassiterite (or its derivative tin), gold and wolframite (or its derivative tungsten)
Grievance mechanisms and worker voice

As stated earlier, we offer multiple channels to both our internal and external stakeholders to report potential ethical concerns or violations to the mentioned 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. In 2019, out of 994 concerns raised through our Business Ethics Hotline reporting channels, 64 concerned grievances relating to working with suppliers.

More information on grievances and the investigations carried out can be found on pages 47 and 48 in our annual sustainability report.

Helpline information

Email: ethics@nokia.com
Phone: www.nokiaphone.ethicspoint.com
Website: www.nokia.ethicspoint.com
5.0 Activities in 2019

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 April 2020 we published our annual sustainability report, Nokia People & Planet for 2019, 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 2019, we did not identify any child labor incidents in our supply chain audits or in our own operations. However, in 2019, we did encounter one finding at one of our audits related to potential forced labor as one supplier had not provided copies of the contracts to employees. The supplier revised the contract agreement regulation so that, upon employment, the employee signs the contract agreement and receives a copy of the contract agreement while one set is kept with the employer. The supplier has since shared samples of the signed contract and confirmed that such a contract has been signed with all of the employees. With the actions taken in this case we believe that we did not and are not facing a forced labor situation.

Dealing with early warning signs
As part of our 46 in-depth audits carried out in 2019, 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.

Compensation for overtime or weekend work for foreign employees
We encountered a case related to a supplier having a service agreement, covering a group of foreign employees, where it stipulated that overtime or weekend work would not be compensated if such work was carried out due to a project requirement.

The supplier amended the contract agreement of the foreign employees, clearly defining regular and overtime work and relevant compensation. Evidence of the amendment and the communication to the foreign employees was shared with Nokia.

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. Dispatched workers are workers that are contracted via an employment service agency, and are considered more vulnerable. We have requested the supplier to bring the percentage of contract workers to the 10 percent limit. We are following up on this request.

In early 2019, we issued a casual labor alert to suppliers stating that it is fully prohibited to further outsource any of our work to casual labor.

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. Corrective action examples are clearly noted in our People and Planet Report. Failure to address audit findings within 6 months of finding negatively affects the supplier’s performance evaluation, as audit score is lowered.

Supply chain workers are engaged through workers interviews at CR audits in order to include the workers’ voice, and Ethical Helpline channels are open for all individuals and stakeholders to flag concerns, including our supplier employees. We disclose examples of our findings on page 55 of the People and planet report.

The number of grievances coming from suppliers were reported in the integrity section of the People and planet sustainability report with a commentary on page 55. In 2019, out of the total 994 concerns raised via the Helpline, 64 cases related to working with suppliers (58 in 2018). Read more on raising concerns on pages 47 and 48 under the Ethics and Compliance section of our People and Planet Sustainability report here.
5.2 Collaboration and looking forward

In October 2019, we completed our first external human rights assessment for the Global Network Initiative (GNI). GNI is a unique multi-stakeholder group involving leading ICT companies, investors, academics and civil society groups. We are a Board member of GNI and as part of membership, we agree to undertake an independent assessment of our Human Rights approach. The GNI board found we had made good faith efforts over time to implement the GNI Principles on freedom of expression and privacy. The final report was published in May 2020 and is available via our web pages here.

Besides our work with the Responsible Business Association and other key supply chain official bodies, we also continued our cooperation with the Joint Audit Cooperation initiative (JAC). JAC is an association of telecom operators (our customers) aiming to verify, assess and develop the corporate responsibility implementation across the manufacturing centres of important multinational suppliers of the Information Communication Technology (ICT) industry. JAC members share resources and best practices to develop long term sustainability and corporate responsibility implementation in the different layers or tiers of the ICT supply chain globally.

In 2019 three of the 45 onsite audits we performed on our suppliers were conducted through the JAC framework. We further engaged with JAC on supply chain efficacy, circular economy practices and health and safety improvements beyond auditing best practice.

As part of our Helping Hands employee volunteering initiative our Brand team collaborated with the NGO Unseen UK who are dedicated to fighting modern slavery. During two volunteering sessions, the team provided brand positioning, and creative and social media support. In the first session, the team helped create an emergency appeal campaign for social media to help save the Modern Slavery helpline. By leveraging the faces of real modern slavery victims in moving imagery across social media, the NGO was able to raise over £100,000 within days of the campaign launch. In the second session, the Brand team helped validate the creative concept for a video campaign featuring call center experts at Unseen UK.

It was launched on 3 December as part of the “Big Give” nationwide donation campaign and within less than 72 hours, Unseen UK had met their target of raising £75,000. The total raised in the Helpline Appeal was almost enough to operate the Helpline for a full year – in which time they expect to identify and help 10,000 victims of modern slavery.

We continued to advocate for improved transparency in the supply chain, completing our contribution to the Tech against Trafficking initiative, and driving the dialog at various events such as the 19th Alliance against Trafficking in Persons arranged by OSCE in April 2019.

Looking forward, we intend to maintain the system, processes and procedures at the current high standard, while looking for potential improvement and development areas. We will continue our current collaboration. We will also continue to drive the dialog on modern slavery and human rights in the supply chain in 2020, wherever possible encouraging our main suppliers to recognize and act on the challenge of modern slavery.

This statement covers the financial year of 2019.

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; 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 18 June 2020.
Tommi Uitto, Chairman, Nokia Solutions and Networks Oy.

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