



Modern Slavery statement for year 2020

NOIKIA

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.

# 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 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 onsite 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 2020 and next steps**

- 5.1 Increasing supply chain transparency
- 5.2 Collaboration and looking forward

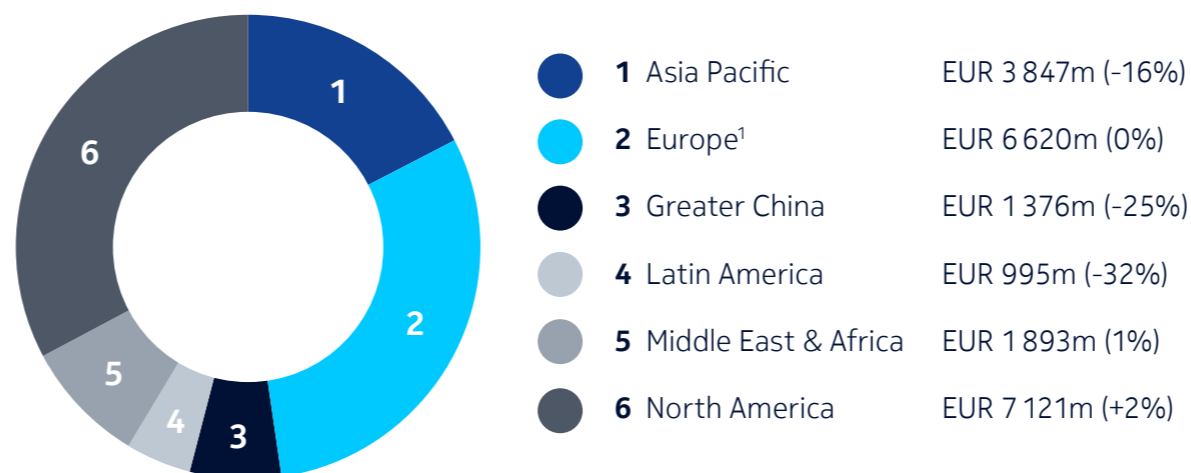
## Mapping our business and our supply chain

### 1.1 Business profile

At Nokia, we create technology that helps the world act together. As a trusted partner for critical networks, we are committed to innovation and technology leadership across mobile, fixed and cloud networks. We create value with intellectual property and long-term research, led by the award-winning Nokia Bell Labs. We adhere to the highest standards of integrity and security, and we help build the capabilities needed for a more productive, sustainable and inclusive world.

Our customers include communications service providers. The network solutions we provide to those customers support around 6.6 billion subscriptions globally. We also provide solutions to enterprises in the private and public sector that use our network portfolio to increase productivity and enrich lives. In 2020, we had seven business groups: Mobile Networks, Global Services, Fixed Networks, IP and Optical Networks, Nokia Software, Nokia Enterprise and Nokia Technologies. As of January 1, 2021 under our new operating model, our new business groups are Mobile Networks, Network Infrastructure, Cloud and Network Services, and Nokia Technologies. For more information see our financial report at [www.nokia.com/investors](http://www.nokia.com/investors)

### Net sales by region 2020



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. Amongst other criteria, 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.

<sup>1</sup> 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 suppliers fall into three broad categories: hardware suppliers for product materials, services suppliers who support the provision of services to our customers, for example, in installation and construction of the networks we sell, and indirect suppliers for everyday goods and services we need to run our business such as IT, software, legal and marketing. The majority of our manufacturing suppliers are based in Asia, whereas our services suppliers are located around the world. In 2020, we had approximately 12 000 suppliers and around 80 percent of our total supplier spend was distributed across approximately 400 suppliers.

We work with Verisk Maplecroft for an independent view of the potential risks of modern slavery globally.

## Risk assessment of our direct supplier profiles

Master Category	Explanation	Modern Slavery Risk (based on workforce skill level, risk of informal employment, etc.)
Market Categories	(includes site installation and construction suppliers, managed services, technical support services, external workforce services etc)	High
Corporate Services	(includes consulting services, HR services, legal services, marketing, facility services, travel and fleet, R&D etc)	Low
Electromechanics & RF Accessories	(includes cable and connector assy, PCBs, power systems, RF filters, metals, subracks etc)	High
Manufacturing & Delivery	(includes final assembly, ODM, repair and spares, warehousing, test equipment, it hardware etc)	Medium
Optical Components	(includes optical active discrettes, optical passive, transceivers)	Medium
E2E Solutions & Partnering	(includes vertical market solutions and incubaton, OEM software solutions and platforms)	Low
Semiconductors	(includes semiconductors)	Low
Standard Components	(includes analog and standard components, RF & timing, computational components etc)	Medium
Telecom & IT Solutions	(includes telecom and IT solutions)	Low

## 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 communicate regularly on the topic.

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 purchasing 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 practises 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 our suppliers to have relevant management systems, resources, and a company code of conduct in place. 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. In 2020 we updated our Supplier Requirements by adopting **Responsible Business Alliance (RBA) Code of Conduct** requirements in addition to the existing Nokia specific requirements. We have also communicated the updated supplier requirements to our suppliers. An overview of these requirements can be found on our **website**.

We encourage our tier one suppliers (this includes both our final assembly, and materials and services suppliers) to apply and cascade the same requirements to their own suppliers, which we aim to check through audits and EcoVadis documentation audits. We expect our suppliers to commit to these requirements as part of their contractual obligations. The requirements cover social, ethical and environmental issues. Our Supplier Requirements are also regularly reviewed based on evolving industry standards such as SA8000, or in relation to the codes of organizations such as RBA and **the Joint Audit Cooperation**.

Our in-depth audits covering labor conditions and environmental management for our existing suppliers 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 audit their next tier suppliers as one of our official supplier requirements.

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





## Due diligence and training

We use EcoVadis sustainability assessments with a tailored questionnaire and supporting document review to assess the environmental, labor, health, safety, ethics, and sustainable procurement management systems of our suppliers. Responses are scored by an analyst. We continue to 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 2020, due to the ongoing pandemic situation, we had to adapt our auditing, assessment and monitoring. Due diligence planning required greater agility to adapt to the restrictions, lockdowns and uncertainty brought by COVID-19, both in terms of restricted movement and in terms of changes in supply chains. The unprecedented global situation required us to communicate more than ever to our suppliers the

need to adhere to the Code of Conduct, even in these extraordinary circumstances.

Much of the normal due diligence activities were moved online due to restrictions based on health guidelines for our own auditors as well as strict visitor restrictions at supplier premises. The number of onsite audits was limited to certain geographies. To counterbalance this we increased our digital assessments and enhanced awareness through targeted webinars on topics such as modern slavery, climate, responsible sourcing of minerals, and health and safety.

In 2020, we implemented 391 (332 in 2019) supply chain audits, which included 24 (45 in 2019) in-depth onsite audits on corporate responsibility topics; 27 (46 in 2019) onsite audits against our full set of supplier requirements and 340 (241 in 2019) 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<sup>2</sup>:**

KPI	Nokia People & Planet report page no.
Details on CR audits and assessments in 2020	p.73
Details on suppliers participating in sustainability workshops and webinars	p.75
Examples of audit findings and corrective actions taken	p.74

<sup>2</sup> <https://www.nokia.com/about-us/sustainability/downloads/>



## 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 the competence development of our suppliers on these issues as well.

In 2020 our supplier workshops were also moved fully online and we ran 25 (6 onsite in 2019) supplier training workshops on modern slavery, conflict-free sourcing and climate change, environment and a series of workshops concerning health and safety. We expect and encourage our suppliers to cascade provided training materials to their entire personnel and to the next supplier tier.

We build the required capacity by first training our own procurement teams. For example in September 2020 we carried out a special targeted communication session to supplier managers on the issue of potential forced labor and mistreatment of minority groups. They need to be equipped with the ability to understand and communicate our requirements to suppliers, and identify and recognize potential sustainability risks.

We also conduct mandatory Ethical Business Training for all employees and require them to acknowledge the Nokia Code of Conduct. In 2020, the Ethical Business Training was completed by 96.2% of our employees.

## 3.2 In-depth training and guidance for onsite personnel

As a key component of our sustainability approach to our supply chain, we carefully track working conditions. 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 on site work can be done 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 they have in place when they start working on a project, and with compliance 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.

### **The risk of mistreatment of minorities and modern slavery**

In 2020, on a global scale, concerns around mistreatment of ethnic and other minorities increased. We have conducted further risk assessment, updated and carried out a training session concentrating on modern slavery for our suppliers globally, and strengthened our Corporate Responsibility auditing guidelines to communicate our requirements concerning the treatment of ethnic or any other minorities and the appropriate actions to be taken.

We also set up related key performance indicators in our existing monitoring programs such as EcoVadis, and will be reporting our annual progress against these indicators, which are:

- actions to prevent discrimination and/or harassment
- actions to remediate discrimination and/or harassment
- reporting on diversity in executive positions - including minorities, vulnerable workers and women
- actions to promote diversity
- collective agreement on diversity, discrimination, and/or harassment
- whistle-blowing procedure on labor and human rights issues

We understand that the issues surrounding minorities are global and not confined to one region or country. As a result, we have rolled out Inclusion and Diversity virtual/live sessions. As part of the planning process we worked with Verisk Maplecroft, a research firm specialising in global risk analytics and country risk insight, to identify countries where the potential risk of modern slavery involving minorities may be considered extreme.

## 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, and is also reflected in our Responsible Minerals Policy (below footnote to policy link).

We aim to contribute to a long-term solution to the issue of conflict minerals that ensures responsible and conflict-free sourcing via legitimate trade and brings sustainable improvements in those countries where the risks are 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. In 2020 we continued our work with the Responsible Minerals Initiative to improve the traceability of minerals and ensure responsible sourcing. Our due diligence approach is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals.

We also encourage suppliers to participate in the Responsible Minerals Assurance Program (RMAP) audit to underscore

and validate their status as a conflict-free supplier. In 2020, 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 80 percent validation level. A further six percent of smelters were identified where our due diligence efforts have demonstrated smelters can be reasonably considered as conflict-free, for example, by sourcing from recycled sources or from outside of the conflict-affected areas.

Those smelters that were not part of the industry assurance program and evaluated as high-risk were asked to be phased out by our suppliers. Direct engagement with such smelters over the past years has not motivated them to collaborate and therefore we feel there is a high likelihood they are engaged in potentially non-compliant practices.

We also undertook a mapping of cobalt in our components based on material declarations for product parts. We addressed all 59 relevant suppliers about our requirements related to cobalt and engaged them in exercising due diligence over the cobalt supply chain. 65 % of suppliers completed their supply chain mapping for cobalt sourcing. As a result we have been able to identify 38 cobalt smelters in our cobalt supply chain, 71% of which are compliant as per Responsible Minerals Assurance Program (RMAP) and we are now encouraging non-conformant smelters to go through the Responsible Minerals Assurance Program.



## 3.4 Enhancement of procurement processes

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.

<sup>3</sup> <https://www.nokia.com/about-us/investors/corporate-governance/policies/>

<sup>4</sup> 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 for both our internal and external stakeholders to report potential ethical concerns or violations to the mentioned policies. These channels include an email address, an online tool and 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 the event that this is preferred by the concerned party – it is possible to submit the report without disclosing personal details. In 2020, out of 776 concerns raised through our Business Ethics Hotline reporting channels, 67 concerned grievances relating to working with suppliers.

More information on grievances and the investigations carried out can be found on pages 65 and 66 in our **annual sustainability report**.



### Helpline information

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**Email:** [ethics@nokia.com](mailto:ethics@nokia.com)

**Phone:** [www.nokiaphone.ethicspoint.com](http://www.nokiaphone.ethicspoint.com)

**Website:** [www.nokia.ethicspoint.com](http://www.nokia.ethicspoint.com)

## Activities in 2020

### 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 2021 we published our annual sustainability report, Nokia People & Planet for 2020, in which we again included several case examples of findings of non-compliance in supply chain audits, and the actions taken to resolve those findings. As part of our in-depth audits carried out in 2020, we uncovered one case which included a non-compliance related to forced labor. In this instance, the auditor found that while policies and procedures concerning the prevention of forced labor were in place, the supplier was lacking a monitoring program to ensure their effective implementation. As part of audit follow up, the related supplier has been addressed, and remediation actions have been completed. We also uncovered one case related to child/juvenile labor where the supplier failed to properly identify and ensure that young workers were not exposed to potential risks related to hazardous work or, for example, overtime. The supplier has now applied corrective action such that young workers, as an example, have unique working contracts, health checks, no night work, no overtime, and no working in hazardous areas.

Having issued a casual labor alert to suppliers in 2019 stating that it is prohibited to further outsource any of our work to casual labor, we continued to raise awareness about modern slavery risks. We emphasized the issue of casual labour during

our Modern Slavery webinar sessions to our suppliers and procurement staff.

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 negatively affects the supplier's performance evaluation, as their 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 74 of the People and Planet report. The number of grievances coming from suppliers were reported in the integrity section of the People and Planet report with a commentary on page 55. In 2020, out of the total 776 concerns raised via the Helpline, 67 cases related to working with suppliers (64 in 2019). Read more on raising concerns on pages 65 and 66 under the Ethics and Compliance section of our People and Planet Sustainability report [here](#).



## 5.2 Collaboration and looking forward

In 2020 we incorporated Responsible Business Association's Code of Conduct into Nokia supplier requirements and in 2021 we joined RBA as a member.

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 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 2020, two of the 24 onsite corporate responsibility audits we performed on our suppliers were conducted through the JAC framework. Three Nokia representatives attended and contributed to the JAC forum held in Macao, China in early 2020, and further engaged with JAC on supply chain efficacy, circular economy practices, modern slavery and health and safety improvements beyond auditing best practices.

We also continued as a board member of GNI, a unique multi-stakeholder group involving leading ICT companies, investors, academics and civil society groups. As part of

our membership, we agree to undertake independent assessment of our Human Rights approach. In the first assessment 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 it can be found in Explore more section on our web pages [here](#). We are preparing for the next GNI assessment in 2022.

Looking forward, given the global limitations imposed by the pandemic, we aim to keep the system, processes and procedures at the current high standard, while looking for potential improvement in ways of working and striving for increased vigilance. We will expand our collaboration where it enables greater transparency and positive impact. We will also continue to drive the dialog on modern slavery and human rights in the supply chain in 2021 and, wherever possible, encourage our main suppliers to recognize and act on the challenge of modern slavery.

This statement covers the financial year of 2020.

**Pekka Lundmark,**  
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.

Under the Modern Slavery Act (Cth) and Modern Slavery Act (NSW) the reporting entity for the purposes of this statement in Australia is Nokia Solutions and Networks Australia Pty Limited. This Australian entity is a fully integrated entity within the Nokia global group and aligns to all policies and practices of Nokia globally.

The Board of Directors of Nokia Solutions and Networks Oy, for itself and the Nokia affiliates listed in this note approved this Statement on 29 June 2021. Tommi Uitto, Chairman, Nokia Solutions and Networks Oy.

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