People & Planet Report 2014

NOKIA

About this report

Thank you for taking the time to read our People & Planet Report 2014. This report covers the key ethical, socio-economic and environmental issues most relevant to Nokia's business and stakeholders during the fiscal year 2014.

For an explanation of how we identified the most relevant topics to include in this report, see 'Identifying key responsibility topics for Nokia' on page 15.

Nokia Networks (formerly known as NSN), which became a wholly owned subsidiary of Nokia in 2013, previously published its own detailed Sustainability Report but is now included in this report. The Devices & Services business, substantially all of which was acquired by Microsoft on April 25, 2014, is excluded from this report unless otherwise indicated.

To help ensure compatibility with other organizations, we have used the Global Reporting Initiative (GRI) guidelines, and our selected key sustainability indicators have been assured by an independent third party, PricewaterhouseCoopers Oy (Nokia's statutory auditor). The Global Reporting Initiative index is available on our website as a separate pdf document. For more detailed sustainability data, see the chapter 'Nokia sustainability data' at the end of this report.

This report was published in May 2015 and it was reviewed by Nokia's Responsibility Leadership Team before publishing. This report is only available in digital format, as we want to print less. We encourage you to only print the pages you need.

A summary of this report is available as online version at
www.nokia.com/people&planet.

Further information
We have published annual corporate responsibility reports since 2003, and in our reporting, we are committed to expanding our transparency and our coverage.

Nokia also incorporates corporate responsibility and sustainability reporting into our annual reports. These reports undergo a stringent verification and auditing process. The reports are available at company.nokia.com/financials.

Your feedback
We welcome your views on our activities and our performance. If you'd like to share your opinions, please contact us at sustainability.global@nokia.com.

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Letter from the President and CEO

At Nokia, we are excited by where technology will lead us.

And with a rich heritage in the communication and technology industries, a diverse workforce and operations throughout the world, we not only have an obligation to operate in a responsible manner, but we have an important role to play as our business and industry landscape changes and evolves.

12 months ago, we completed the sale of substantially all of our devices and services business to Microsoft. We now have three distinct and profitable businesses, each a leader in their respective segments: Nokia Networks, which provides trusted mobile connectivity infrastructure, software and services for hundreds of operators around the world; HERE, our mapping, navigation and location intelligence business; and Nokia Technologies, which is our engine for future innovation, licensing and intellectual property.

During the course of the year, our teams did tremendous work to refresh and focus the strategies for each of those businesses. During my first year as Nokia President and CEO, I have also been extremely proud of our work to redefine the company's values. Those values will guide our decisions, and our ways of working for many years to come.

We have continued to go to great lengths to implement sustainable and ethical working practices in our operations, and training our employees on the Nokia Code of Conduct. The Code, which details our stringent ethical standards, includes our commitment to, for example, ensuring that our communications technologies are not used to infringe on human rights.

By embedding processes and sustainable development activities throughout the company, sustainability has become a vital part of everyone's job at Nokia.

As we look to the future, our three businesses are focused on a technological shift towards a hyper-connected world where tens of billions of devices and sensors are all linked together, in ways that can unleash human potential and well-being like never before. That something is what we call the "programmable world;" a world that goes from beyond connecting people, to connecting things.

We also know that at the same time, the world faces many social, economic and environmental challenges. However, as a company, we have to focus on those areas where we can make the best impact. We have identified those biggest topics as: The human potential of technology in a programmable world; an increased importance of privacy; the demand for high ethics and transparency; the importance

of attracting and retaining talent; climate change; and the need for better resource efficiency.

Technology and innovation must inspire us to provide solutions to those global challenges, instead of slowing down in the face of obstacles. We must be able to move forward, and by continuing to work together with others, we can do so, and have a lasting effect.

Nokia has made remarkable progress in many areas. For instance, HERE is working with a diverse range of stakeholders to combine information and communications technology with energy and transport management – to create solutions that meet the major environmental, social and health challenges facing our crowded cities.

Mobile technology has played a fundamental role in giving people a voice and access to knowledge, information and education. In 2014, Nokia started a three-year global partnership with Save the Children to help improve children's access to education and learning through the use of technology in Myanmar. We also are working together in some pioneering areas with Save the Children, for disaster risk reduction in both India and Myanmar.

In Nokia Networks, we have developed our Zero CO_2 emission base station site offering,

which can bring up to a 70% reduction in energy consumption, with the remaining 30% being powered through renewable energy solutions. It is a great example which helps operators reduce energy consumption in their networks. We are also working with operators, partners, governments and academic institutes to develop, share security know-how and expertise, through our new state-of-the-art security centre in Berlin.

We have improved the resource efficiency of our own operations and increased the use of green energy. Half of the electricity we used in 2014 came from certified renewable sources, and in our networks business, we achieved a 6% reduction in emissions from our offices and factories compared to 2013.

The number of supplier assessments and audits have increased, along with the more training workshops for suppliers. Tackling labour conditions in particular, is a critical part of our sustainability agenda with suppliers, and even though we have made some progress in this area, I recognise we have had some challenges, which we are moving swiftly to address.

We continued working with various organizations driving sustainable development and we have restated our commitment to the UN Global Compact's ten principles, in the areas of human rights,

labour, the environment and anti-corruption.

Still, there remains much to be done. As technology advances, I believe Nokia has the ability to unlock the potential to improve on a vast number of areas including environmental degradation, transportation and resource consumption, learning and work, health and wellness, in addition to many more.

Those benefits are not always immediately obvious, but with our 2014 sustainability report, I hope you get the sense of the potential and one of the main principles we embrace: that technological progress cannot - and should not - be made at any price. That is why, at Nokia, we are focused on the human possibilities of technology; on technology grounded in real human needs.

Going forward into 2015, a year that marks our 150th anniversary, we want to be proud, not only of what we achieve but also how we achieve it. It is thanks to our heritage, our pragmatic approach, our commitment to high ethical standards, and a deep belief in the power of our values, which gives us the ability to continue to make a real difference to people's lives.

Rajeev Suri

President and CEO

Our key corporate responsibility achievements and challenges in 2014

Achievements

Almost all, around 97%, of our employees completed the Ethical Business Training
This annual training demonstrates how our Code of Conduct can be applied to real-life scenarios, addressing issues such as ethics in the workplace, fair competition and anti-trust, trade compliance, privacy, bribery and corruption, gifts, entertainment and hospitality, conflicts of interest, human rights, environment, equal opportunity, discrimination and harassment.

Our employees believe in the future of the company and see Nokia as a place where they can develop
Despite significant change and restructuring, our Employee Engagement Survey indicated that our employees believe in the future of the company and its strategy, and see it as a place where they can develop.

The Nokia Security Center opened its doors in Berlin
We opened the Nokia Security Center in Berlin, which is a hub of leading expertise focused on creating robust telecommunications security solutions. The Center will give an insight into the wide range of threats and help mobile operators protect their network infrastructure, services and users.

We extended our CSR program and joined forces with Save the Children to promote children's rights
We struck a three-year global partnership with Save the Children with an aim to improve access to education and use technology to improve learning in Myanmar. Another key focus is to reduce the threat of natural disasters to children in Myanmar as well as in India, through disaster risk reduction strategies by providing better communications connectivity and using our telecommunications and mapping technologies.

We developed more than 20 enhancements for Single RAN Advanced portfolio to decouple mobile broadband traffic growth from CO_2 emissions.
Nokia Networks enhanced its Single RAN Advanced portfolio to enable operators to modernize their base station sites to achieve up to a 70% reduction in site energy consumption and CO_2 emissions. Portfolio also allows a broader use of renewable energy sources like solar, wind and fuel cells, making them viable for powering base station sites. The Zero CO_2 base station site offering was launched in March 2015.

In our networks business, we continued minimizing our environmental impacts across the product life cycle

>90%
of the materials used in our base stations can be reused or recycled.

50%
of the electricity used in 2014 generated from renewable sources.

100%
of our packaging is recyclable.

5%
less water used than in 2013.

200 000
kg less packaging material used than in 2013.

6%
reduction in greenhouse gas emissions from our offices and factories, compared to 2013.

Around
1 700 000
kg of old telecom equipment sent for materials recovery.

95%
of our waste was recycled, reused or used as energy.

Around
15 900
units refurbished.

Every
new product is more energy efficient than the previous model.

The coverage of the HERE Transit continued to improve
HERE continued making the use of public transportation easier by bringing information about public transportation alternatives into people's smartphones from more than 1 300 public transport authorities in over 960 cities around the world.

We more than doubled the number of supplier in-depth audits that focus on labor conditions and environment
We conduct in-depth audits of suppliers on labor conditions and environmental management to ensure compliance with our requirements, especially those categorized as high-risk. These assessments include document reviews, interviews with managers and employees, site visits and inspections of facilities, production lines and warehouses.

Twenty more suppliers disclosed their climate impacts
In 2014, 141 of our key suppliers, representing 49% of our total procurement spend, disclosed information regarding their performance on climate impacts. This information helps us to plan improvement programs with our suppliers and improve reporting of our Scope 3 emissions.

We improved our transparency
We published our first conflict minerals report which provides further information on our due diligence activities, and we started reporting on our progress on implementing the guiding principles of the Telecommunications Industry Dialogue addressing human rights risks relating to privacy and freedom of expression. We asked Save the Children to assess Nokia's current relevant policies and processes, and, if needed, give recommendations on how to better integrate children's rights into our business principles and practices.

We gained external recognition for our sustainability performance and transparency
During the year, Nokia was ranked sixth in Interbrand's Best Global Green Brands survey, received top ratings for its climate performance and disclosure in the CDP Climate Change Report, was included in the FTSE4Good Index, and received RobecoSAM Sustainability Award Bronze Class.

Challenges

Risks in the area of health & safety of our employees and contractors
At Nokia Networks, employees and contractors can face significant risks, including installing and maintaining equipment at height or in confined spaces, and constructing base station towers. We run programs to improve our health and safety performance, and encourage open reporting of incidents and near misses by contractors and employees, and we report for all tiers of contractors to ensure that all incidents are investigated.

In 2014, we conducted 155 supplier assessments and audits on corporate responsibility. We spent 104 auditor days conducting in-depth audits at 23 supplier sites in China, India, Iraq, Kenya, Myanmar and Saudi Arabia. We found 341 instances of non-compliance, of which 193 related to health and safety.

We deeply regret that in 2014 our contractors had eight fatalities, the majority of which were due to road traffic accident.

Managing energy as mobile data continues its exponential pace of growth
The importance of managing energy increases every year as mobile data continues its exponential pace of growth with video streaming, internet access and social media as the main drivers. Expanding our business to meet the world's growing demand for communications will increase the total impact, making it essential to improve resource efficiency and use more renewable energy.

The total use-time energy consumption of our products has increased since 2011. However, each new product enables higher volumes of network traffic when in use, resulting in improved overall energy efficiency.

Helping employees affected by our restructuring plans find a new future
Due to liens on Nokia's handset manufacturing facility in Chennai imposed by the Indian tax authorities, the site was left out of the scope of the Devices and Services transaction with Microsoft. As a consequence, Nokia entered into a temporary services agreement with Microsoft to address their immediate production needs and keep the factory operational. The manufacturing services defined in the agreement were terminated by Microsoft effective November 1, 2014, and Nokia suspended production at the Sriperumbudur facility.

We are committed to helping affected employees build a new future for themselves. With uncertainty surrounding the fate of the Chennai facility, we provided voluntary resignation packages for factory employees. The package offered a clear financial option to employees, providing them the chance to seek new opportunities outside the company based on a firm financial footing. We also arranged training and job fairs, and supported skills development and entrepreneurial ambitions.

About Nokia

Nokia is a leader in the fields of network infrastructure, location-based technologies and advanced technologies.

Following the sale of substantially all of our Devices & Services business to Microsoft, which was completed on April 25, 2014, Nokia emerged with three businesses—Nokia Networks, HERE and Nokia Technologies. These three businesses are key participants in the rapidly evolving world of technology which is as much about connecting things as about connecting people.

We have a global presence with operations and research and development (R&D) facilities in Asia, Europe,North America, sales in approximately 140 countries, and around 62 000 employees. Our headquarters is located in Espoo, Finland.

We are also a major investor in R&D, with expenditure through the three businesses amounting to around EUR 2.5 billion in 2014.

Net sales 2014 by business
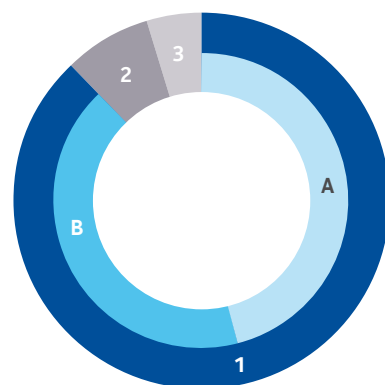
■	1. Nokia Networks	€11 198m (-1%)
☐	A Mobile Broadband	€6 039m (+13%)
■	B Global Services	€5 105m (-11%)
■	2. HERE	€970m (+6%)
■	3. Nokia Technologies	€578m (+9%)

Year-on-year change is in parentheses.

Net sales 2014 by region
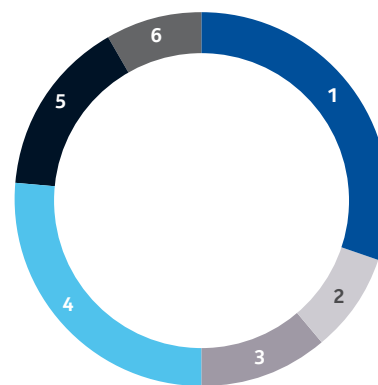
■	1. Europe	€3 886m (-1%)
☐	2. Middle Last & Africa	€1 100m (-6%)
■	3. Greater China	€1 410m (+17%)
■	4. Asia-Pacific	€3 364m (-2%)
■	5. North America	€1 919m (+16%)
■	6. Latin America	€1 053m (-20%)

The average number of employees in 2014 divided according to their geographical location
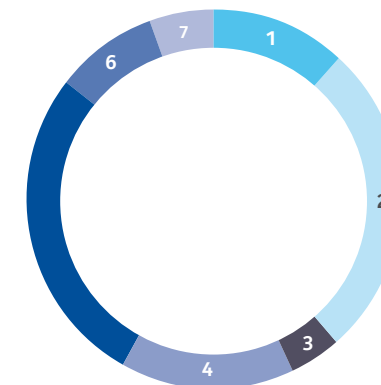
■	1. Finland	6 855
☐	2. Other European countries	15 523
■	3. Middle East and Africa	2 482
■	4. China	8 608
■	5. Asia-Pacific	15 838
■	6. North America	5 136
■	7. Latin America	3 124

Nokia Networks

Nokia Networks is the largest of our businesses. As the world's mobile broadband specialist, we help our customers to bring their subscribers unrivalled quality of experience, to maximize the value of their subscriber base and to run extremely efficient mobile networks. Ranked third in terms of market share in mobile radio networks and telecommunications services, Nokia Networks is a significant player in its chosen markets and, with sales in over 120 countries, served by approximately 54 600 employees, it has the global reach and scale to deliver high-quality solutions to the largest operators. Nokia Networks has more than 100 years of experience in telecommunications, from 2G to 3G to 4G ("LTE") and now the emerging 5G, and it has always been—and intends to remain—at the cutting edge of mobile technology.

HERE

HERE is a global leader in the mapping and location intelligence business. HERE builds high-definition ("HD") maps and combines them with cloud technology to enable rich, real-time location experiences in a broad range of connected devices from smartphones and tablets to wearables and vehicles. In the automotive segment HERE is a clear leader, with its maps powering four out of five in-car navigation systems in North America and Europe, and its location platform is used by leading internet companies. All in all, more than 13 million cars were sold with HERE maps on board during 2014. HERE offers maps for more than 190 countries, drive navigation for 118 countries and live traffic information for 44 countries.

Nokia Technologies

Nokia Technologies is a leading innovator of the core technologies enabling the programmable world, where everything and everyone will be connected. Nokia Technologies is expanding Nokia's successful patent licensing program and licensing proprietary technologies to enable its customers to build better products. Nokia Technologies is also helping customers leverage the value of the Nokia brand in the consumer device space, starting with the Nokia N1 Android™ tablet(2). Finally, the Nokia Technologies incubation program focuses on developing new ideas and prototypes. All of these activities are supported by its world-class Nokia Labs R&D team, which is continuing more than two decades of Nokia leadership in multimedia, connectivity, sensing and material technologies as well as imaging, audio, web and cloud technologies.

Our economic impact

As a global company, Nokia has a significant economic impact on our stakeholders, both directly and indirectly. Our direct economic impact on various stakeholder groups is summarized in the table below.

We also contribute to economic development indirectly in various ways. Our indirect economic impact includes, creating business opportunities and jobs along our supply chain, competence development for our

employees and our impact on communities. Overall, mobile technology facilitates positive change on a scale greater than ever before, and at a time when we need rapid change the most. The links are astonishing. Research shows that GDP increases by 0.6% in emerging markets when 10 more mobile connections are added per 100 inhabitants. The impact of increased internet access almost doubles that. The technology industry also has a major global role to play

in technology transfer and human capital development.

Our tax payments
One of the topics in global corporate responsibility discussions has been the transparency and sustainability of companies´ tax planning and the allocation of tax payments between the countries in which they operate.

Economic impact table (Nokia Group)		2014		2013		2012	2011
Stakeholder	**Impact (EUR million)**	Continuing operations	Nokia Group (Continuing and discontinued operations)	Continuing operations	Nokia Group (Continuing and discontinued operations)	Nokia Group	Nokia Group
Customers	Net sales	12 732	15 189	12 709	23 444	30 552	39 059
Suppliers	Total purchases of goods and services	6 847	NA	7 248	NA	21 125	27 572
Shareholders	Dividends paid	NA	1 392	NA	71	755	1 536
Employees	Wages and benefits 1)	3 215	NA	3 432	4 591	6 080	6 284
Creditors	Net financial expenses	395	NA	280	270	340	102
Public sector	Paid direct income taxes	329	636	244	386	478	718

1) includes termination benefits and excludes social security expenses

In 2014, we paid EUR 636 million in direct income taxes, of which approximately 14% was paid in the Americas area, 68% in Asia Pacific and the remaining 18% in Europe, Middle East and Africa. Of the total EUR 636 million, approximately EUR 300 million was related to discontinued operations.

In addition to direct income tax, we contribute to society in the form of pension contributions, social security contributions, payroll taxes, value-added taxes, sales taxes, customs duties, excise taxes, environmental taxes, and similar duties and fees. Nokia is a major tax payer and collector of indirect taxes and payroll related taxes, and pays and collects these taxes following the applicable rules and regulations.

Our tax strategy

The foundation of our tax strategy is to pay the right amount of tax legally due in the right jurisdiction. We observe all applicable rules and regulations in each country where we operate, and follow the rules set by the relevant authorities.

We also follow a global transfer pricing policy, based on the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations issued by the Organisation for Economic Co-operation and Development (OECD). The guidelines outline the arm's length principle as an internationally accepted valuation standard for intercompany dealings. Based on the policy and the guidance given by the OECD, we comply with the arm's length principle in all our intercompany dealings. We also follow the development of local transfer pricing rules and regulations in all territories and adopt localized transfer pricing policies if necessary.

We may also seek so-called advance pricing agreements, (i.e. agreements between tax payers and tax authorities) to the extent feasible in order to gain mutual understanding and acceptance with the tax authorities on tax treatment of inter-company arrangements. The benefit from such agreements is to remove uncertainty of tax treatment especially in complex business arrangements.

Nokia has business in many countries. In each country, we operate in an open and co-operative relationship with the tax authorities. Our tax planning is aligned with our business models, and taxes are considered in business decision making - but only as one of many elements. Our business or location planning is driven by sound commercial needs.

We are subject to income taxes in multiple jurisdictions. Our businesses and investments globally, and especially in emerging markets, are subject to uncertainties, including unfavorable or unpredictable changes in tax laws, taxation treatment and regulatory proceedings including tax audits. For instance, in 2013, the India Tax Authority commenced an investigation into withholding tax in respect of payments by Nokia India Private Limited to Nokia Corporation for the supply of operating software. The authorities later extended the investigation to other related tax consequences and issued orders and made certain assessments. The litigation and assessment proceedings are pending. Nokia has denied all such allegations and continues defending itself in various Indian litigation proceedings and under both Indian and international law, while extending its full cooperation to the authorities.

Details on our financial performance are published in our quarterly interim reports, in our Form 20-F, and Nokia's Annual Accounts, which are available at company.nokia.com/financials.

Our responsibility approach

We are committed to respecting people and our planet in everything we do, as well as innovating ways to connect the world for a better tomorrow.

Our responsibility strategy: Improve, Respect, Protect

Improving people's lives with technology

We aim to find innovative ways to use technology for a more sustainable tomorrow.

Respecting people in everything we do

We strive for the highest degree of ethical conduct in every decision we make and every action we take.

Protecting the environment

We aim to minimize environmental impacts from making, distributing and operating our products.

Making change happen together

By working together with other organizations, we aim to make an even greater contribution to global efforts to achieve a more sustainable, socially responsible world.

Our responsibility strategy focuses on the areas where we can make the biggest difference to society and the environment through our technology, our people, our operations and our partnerships.

The key areas are: Improving people's lives with technology; Respecting people in everything we do; Protecting the environment; Making change happen together.

Improving people's lives with technology

We are committed to innovating ways to use technology for a more sustainable tomorrow. Our responsibility strategy focuses on using our technologies to:

- help people live better lives,

- help reduce global carbon emissions.

Respecting people in everything we do

We strive for the highest degree of ethical conduct in every decision we make and every action we take. We are committed to running our business in line with internationally recognized ethical and responsible business practices, and fostering a culture in which employees feel confident raising any concerns.

Our responsibility strategy focuses on:

- tackling issues related to business ethics, privacy and potential misuse of our technology,

- working with our suppliers and partners to improve labor conditions,

- creating a great place to work.

Protecting the environment

We aim to minimize environmental impacts from making, distributing and operating our products. Efficient use of energy and other resources is a priority. Helping telecommunications operators manage energy use in their networks is increasingly important with the continued rapid growth of mobile data services.

Our responsibility strategy focuses on:

- improving the energy efficiency of our products,

- reducing the environmental impacts of our operations and products during their design, creation, transport, use, and end of life.

Making change happen together

By working together with other organizations, we can make an even greater contribution to global efforts to achieve a more sustainable, socially responsible world.

We engage with our employees, partners, suppliers and customers, as well as NGOs investors and policy makers on a range of sustainability issues to make an even greater difference.

We work toward

100%
- Engaged employees

Zero
- Carbon
- Fatal accidents
- Unethical behavior
- Waste

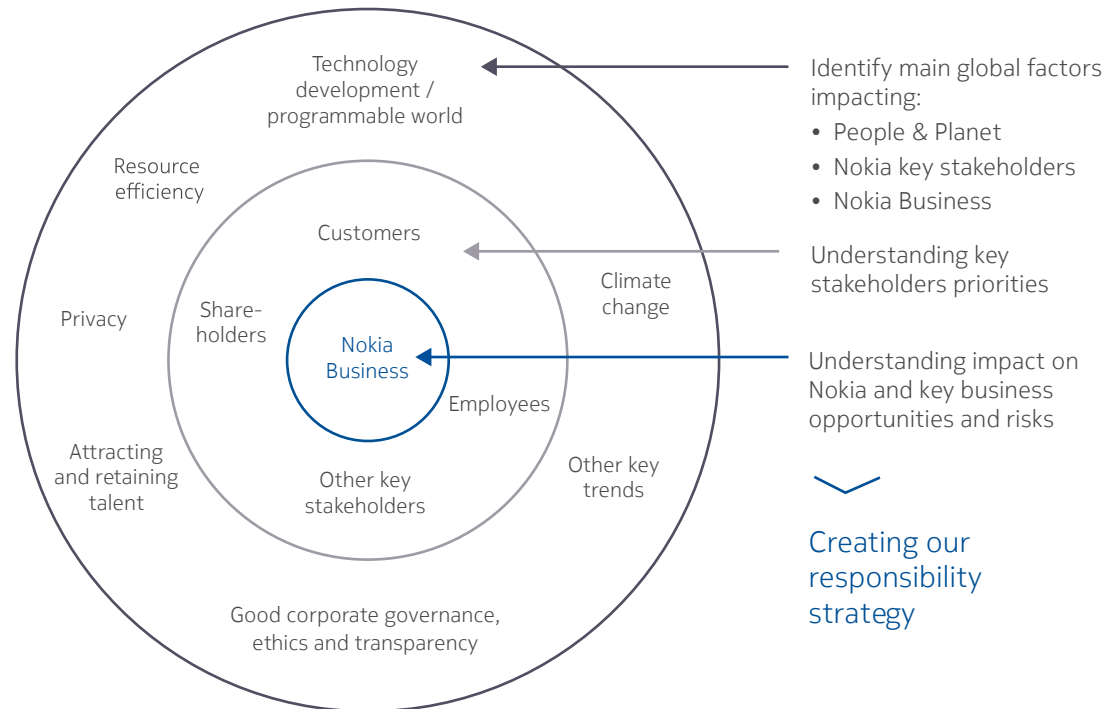# Identifying key responsibility topics for Nokia

Our responsibility work and reporting focuses on the topics that are most important, or material, to our business and stakeholders. We use a combination of factors to identify material topics, analyzing the shared value for people, the planet, and our company. These include:

- Our long history and experience of corporate responsibility;

- Issues that are subject to public debate, and media and analyst interest;

- Regular engagement with stakeholders and partners;

- Global macro trends and responsibility challenges, such as the UN Millennium Development Goals;

- Assessments of risks and opportunities for our business and our responsibility efforts; and

- The Global Reporting Initiative (GRI) G4 guidelines.

In 2014, we increased our focus on materiality. We revised the materiality analysis that forms the basis of our responsibility strategy and target setting. Together with more than 20 companies and other stakeholders, we participated in the work carried out by the Global e-Sustainability Initiative (GeSI) to revise its materiality assessment and tool for the industry.

In addition, as a founding member of the Telecommunications Industry Dialogue group, we continued the work to address issues related to freedom of expression and privacy in the ICT sector in the context of the UN Guiding Principles on Business and Human Rights. The findings of the industry work informed our own responsibility materiality analysis and priorities.

Based on our analysis, the key trends impacting our responsibility approach are: The human potential of technology in a programmable world; Increased importance of privacy; Demand for high ethics and transparency; Importance of attracting and retaining talent; Climate change; and Need for better resource efficiency.

Identify main global factors impacting:
- People & Planet
- Nokia key stakeholders
- Nokia Business

Understanding key stakeholders priorities

Understanding impact on Nokia and key business opportunities and risks

Creating our responsibility strategy

Key factors affecting our sustainability approach

- **The human potential of technology**

- **Increased importance of privacy**
- **Demand for high ethics and transparency**

- **Climate change**
- **Need for better resource efficiency**

Our responsibility strategy: Improve, Respect, Protect

Improving people's lives with technology

Respecting people in everything we do

Protecting the environment

Extending our impact

Making change happen together

The human potential of technology in a programmable world

The rapid development of technology is inevitably changing the way we live. Billions of people are already connected through our networks. Mobile technology is playing a fundamental role in giving people access to knowledge, information and education. Now we are entering a new phase, connecting things as well as people; this is a rapid shift to what we call the Programmable World. Some of the benefits that will come from this Programmable World will be better use of scarce resources; improved human well-being; reduced environmental damage; greater efficiency, and more. With our technology expertise, and by connecting things as well as people, we are well positioned to support efforts to address global challenges.

Increased importance of privacy

While increased connectivity improves lives in many ways, privacy concerns are also increasing as the quantity of sensitive and private data transmitted across telecommunications networks grows rapidly. Getting privacy right is critical for Nokia as a company that provides technologies and services that fuel our information society.

Demand for high ethics and transparency

Unethical business practices like corruption, poor human rights and labor conditions are major obstacles for development in many

countries. We believe Nokia can be part of the solution by upholding high standards of ethics and human rights in our own activities and throughout our value chain. Neglecting these things would be a major risk for our reputation and our business.

Importance of attracting and retaining talent

The companies that are able to attract, keep, and motivate the best talent are usually the most successful ones. Skillful and engaged employees impact directly on our business success which is why we want to create a great place to work for all our employees.

Climate change

Climate change is one of the biggest global challenges of our time. Its effects are wide-ranging, from inhibiting global economic development to increasing threats from flooding and extreme weather, contributing to rising energy prices, and leading to changes in regulations. All these effects can have a long-term impact on our business. Nokia can also be part of the solution by using our technology to help reduce emissions.

Need for better resource efficiency

Global demand for natural resources is increasing at the same time as these resources are depleting. This makes it important for us to use resources efficiently and find ways of substituting, recycling, and recovering materials.

Key topics and their impact on sustainable development, stakeholder interest, and Nokia's business
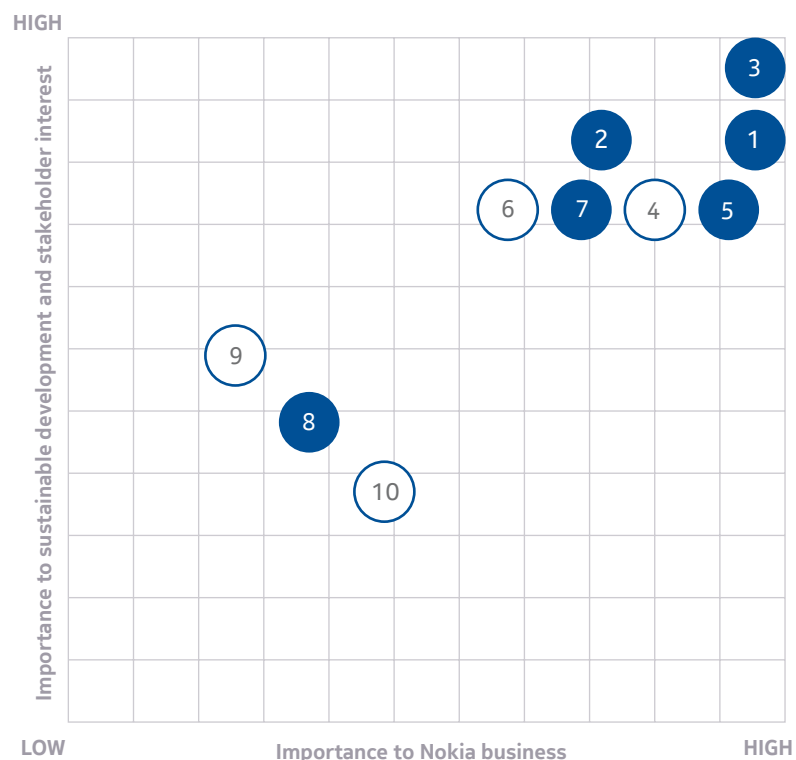
1. Nokia's direct economic impact
2. Corporate governance, ethics and transparency
3. Improving people's lives with technology
4. Privacy and preventing mis-use of our technology
5. Great place to work
6. Suppliers and partners labor conditions
7. Energy efficiency of our products
8. Energy use, water and waste in our own operations
9. Energy use, water and waste in our supply chain
10. Materials use & efficiency

● Areas where we have the highest possibilities to influence.

All the topics shown in this diagram are important in our responsibility work. Those shown in the top right corner of the diagram are most material to our stakeholders, sustainable development and our business.

Managing responsibility at Nokia

We have strong governance structures and practices in place to manage responsibility at Nokia and ensure that social and environmental matters are taken into account in everything we do. Responsibility issues are reviewed regularly at all levels, including the highest decision-making bodies of the company.

Leading from the top
The highest decision-making level in responsibility matters at Nokia is the Board of Directors. The Board oversees our responsibility performance and reviews relevant topics at their meetings.

The President and CEO, and the Group Leadership Team review and approve our policies and main responsibility initiatives.

Executive Vice President, Marketing and Corporate Affairs, is responsible for corporate responsibility at executive management level. He heads up the Marketing and Corporate Affairs Leadership Team, which regularly reviews responsibility-related topics, makes decisions and, when needed, escalates matters to the Nokia Group Leadership Team or other Nokia business units.

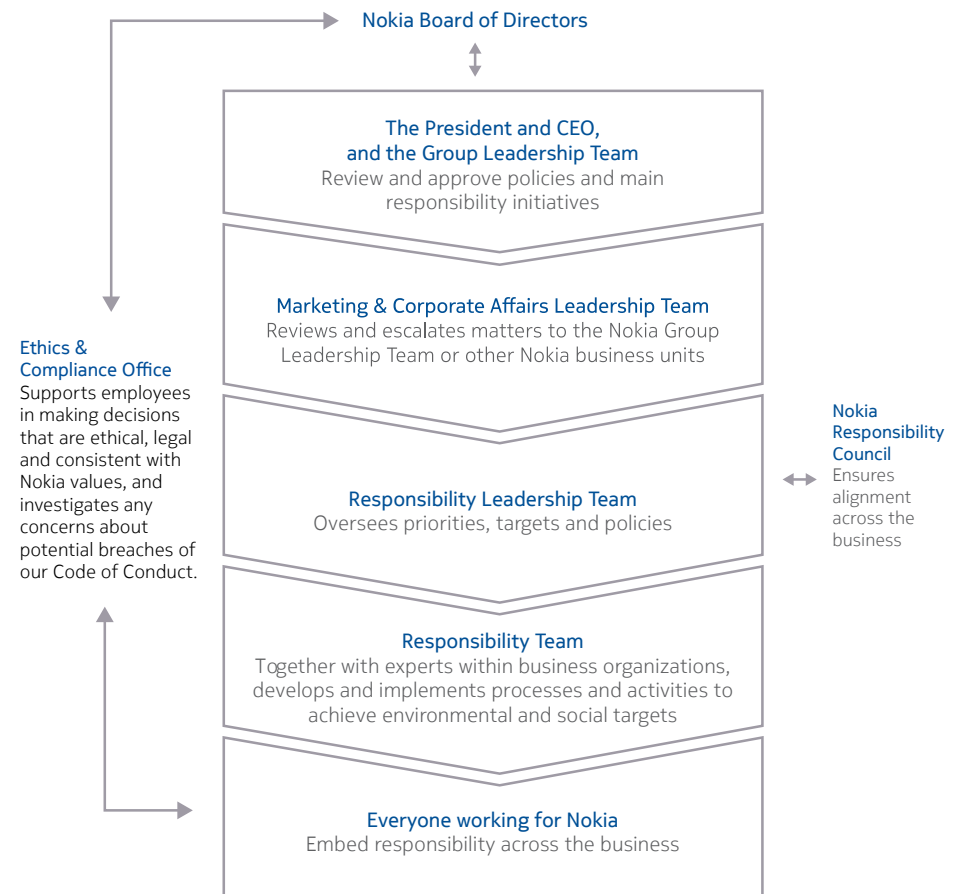**Embedding responsibility across the business**
The Responsibility Leadership Team developed our new responsibility framework

in 2014. The framework outlines our priorities, targets and policies.

The team leads our responsibility unit, which in turn drives and advises on responsibility initiatives throughout the business. The responsibility unit works together with representatives and subject matter experts from our business units to develop and implement processes and activities to achieve our environmental and social targets.

In 2014, we established a Responsibility Council consisting of senior representatives, typically members from various leadership teams, in our business units and support functions. The council meets quarterly and ensures alignment across the business on responsibility strategy, priorities and implementation of responsibility activities across Nokia.

Responsibility issues are reviewed regularly at all levels, including the highest decision-making bodies of the company.

Nokia Board of Directors

The President and CEO, and the Group Leadership Team
Review and approve policies and main responsibility initiatives

Marketing & Corporate Affairs Leadership Team
Reviews and escalates matters to the Nokia Group Leadership Team or other Nokia business units

Ethics & Compliance Office
Supports employees in making decisions that are ethical, legal and consistent with Nokia values, and investigates any concerns about potential breaches of our Code of Conduct.

Responsibility Leadership Team
Oversees priorities, targets and policies

Nokia Responsibility Council
Ensures alignment across the business

Responsibility Team
Together with experts within business organizations, develops and implements processes and activities to achieve environmental and social targets

Everyone working for Nokia
Embed responsibility across the business

Setting clear expectations

Responsibility is part of everything we do at Nokia. Our Code of Conduct (The Code) sets out our expectations for employees across the company. The Code is supported by policies and management systems related to responsibility issues. These include:

- Global HR Policies

- Health, Safety and Labor Conditions Policy

- Volunteering Policy

- Privacy Policy

- Human Rights Policy

- Environmental Policy

- Conflict Minerals Policy

- Supplier Requirements

- Environmental Management Systems

- Risk and opportunity management process

More information on Nokia's corporate governance practices is available in Nokia's annual reports and on our website.

Our Code of Conduct sets out our expectations for employees across the company. The Code is supported by policies and management systems related to responsibility issues.

Risk & opportunity management

Nokia has a systematic and structured approach to risk management across business operations and processes. Key risks and opportunities are identified against business targets either in business operations or as an integral part of long- and short-term planning. Key risks and opportunities are analyzed, managed, monitored and identified as part of business performance management with the support of risk management personnel.

Nokia's overall risk management concept is based on managing the key risks that would prevent Nokia from meeting its objectives, rather than solely focusing on eliminating risks. The principles documented in the Nokia Risk Management Policy, which is approved by the Audit Committee of the Board of Directors, require risk management and its elements to be integrated into key processes. One of the main principles is that the business or function head is also the risk owner, although all employees are responsible for identifying, analyzing and managing risks as appropriate to their roles and duties.

Risk management covers strategic, operational, financial and hazard risks. Key risks and opportunities are reviewed by the Group Leadership Team and the Board of Directors in order to create visibility on business risks as well as to enable

prioritization of risk management activities. In addition to the principles defined in the Nokia Risk Management Policy, specific risk management implementation is reflected in other key policies.
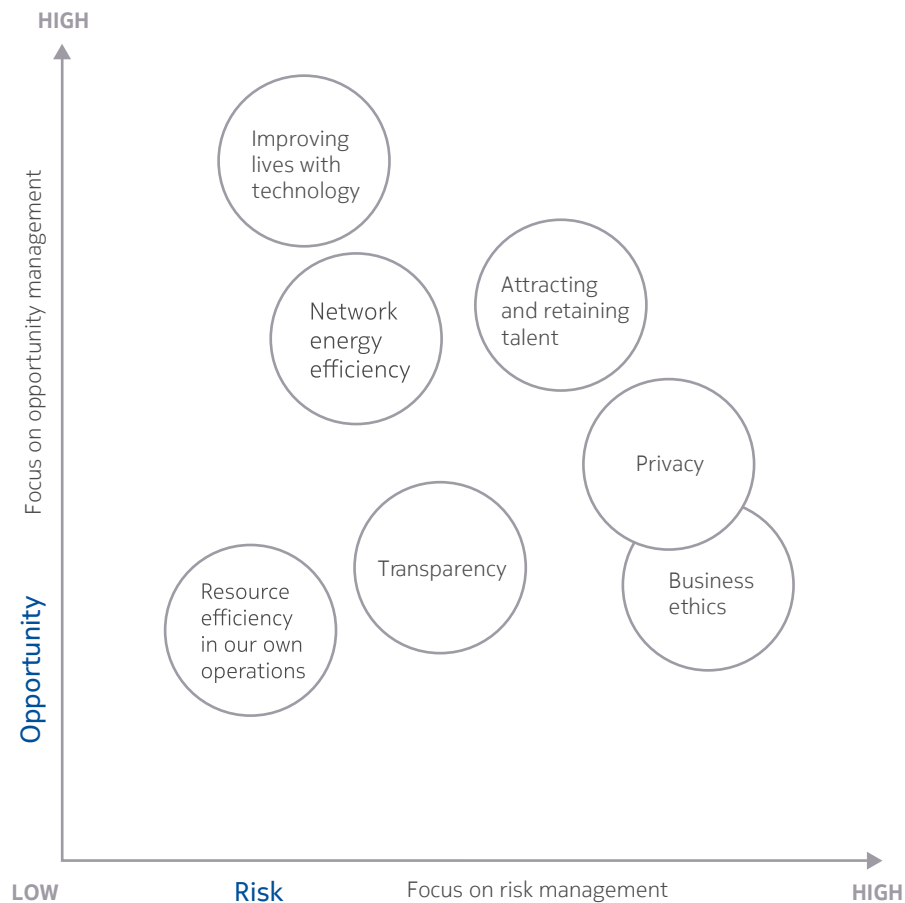
The most important risk factors as well as principal industry trends affecting our operations are discussed in our 2014 annual report in Form 20-F. These include also sustainability related risks such as:

- Risks related to privacy, product safety, health and security as well as the environment.

- Risk of non-compliance with regulations or our supplier and customer requirements.

- Violation of ethical standards, including our Code of Conduct.

- Reduced employee motivation, difficulties to recruit, and loss of key personnel.

- Labor unrest and strikes.

- Purchasing boycotts, public harm to our reputation and Nokia brand due to actual or alleged reasons.

We systematically analyze sustainability related opportunities. Our innovations hold the potential for changing the way we live, from technologies that improve people's lives to helping lower our environmental impact.

Nokia's overall risk management concept is based on managing the key risks that would prevent Nokia from meeting its objectives, rather than solely focusing on eliminating risks.

In this picture we have provided some illustrative examples of responsibility related opportunities and risks

HIGH

Focus on opportunity management

Opportunity

- Improving lives with technology
- Network energy efficiency
- Attracting and retaining talent
- Privacy
- Resource efficiency in our own operations
- Transparency
- Business ethics

LOW   Risk   Focus on risk management   HIGH

Improving lives with technology and network energy effiency
There are revenue and, to some extent, also brand opportunities in creating technologies that improve people's lives and in developing more energy efficient networks.

Attracting and retaining talent
The ability to attract, motivate and keep talent has an impact on how well we are able to manage our revenue and cost related opportunities and risks.

Privacy and business ethics
Privacy and ethics are brand, reputation and regulatory driven risk areas but there are also opportunities in these areas. Ethics also covers how we work with suppliers and partners.

Transparency
Transparency impacts especially on brand related risks and opportunities.

Resource efficiency in our own operations
Eco-efficiency in our own operations and logistics include cost savings opportunities and also impact on Nokia's brand perception.

Conducting business ethically

Maintaining the trust of our customers and the integrity of our business depends on our strong commitment to promote ethical behavior and uphold human rights. Our Code of Conduct details our high ethical standards and includes our commitment to ensure our communications technologies are not used to infringe human rights.

What our Code of Conduct means for employees, suppliers and partners

Nokia places the highest value on integrity in its business dealings. Everyone at Nokia is expected to uphold the highest ethical standards in their dealings, both inside and outside the company. We are committed to conducting business ethically and in accordance with all applicable laws and regulations of the countries where we operate. All employees must avoid activities that might lead to bribes or conflicts of interest. This includes accepting or offering gifts, hospitality, favors, benefits or bribes in exchange for gaining or maintaining business. The values and commitments set out in the Code must be upheld across the business by our employees, suppliers, and partners.

Training and awareness

We help our employees better understand what the Code means to them by providing training in ethical business practices, and work with our suppliers and business partners to ensure they are aware of our expectations.

Our annual training on ethical business conduct and human rights is mandatory for all employees, to help them understand how to apply our Code of Conduct in everyday decision-making. The Ethical Business Training demonstrates how the Code can be applied to real-life scenarios, addressing issues such as ethics in the workplace, fair competition and anti-trust, trade compliance, privacy, bribery and corruption, gifts, entertainment and hospitality, conflicts of interest, human rights, environment, equal opportunity, discrimination and harassment. Around 97% of employees completed this training in 2014.*

We provided specific compliance training to our customer, sales, global procurement and real estate teams. This covered topics such as bribery, corruption, trade compliance, anti-trust and conflict of interest. The Ethics and Compliance team trained all members of the Nokia Leadership Team and those reporting directly to them, on the US Foreign Corrupt Practices Act (FCPA) and UK Bribery Act. The team also conducted a risk assessment workshop and interviewed key personnel to assess the risk in their business and territory.

Anti-corruption: prevention and detection

Our anti-corruption strategy focuses on two key areas: prevention and detection. To reach as many employees as possible, we offer anti-corruption training both in person and online. In 2014, we trained 3 534 employees through 181 face to face sessions.

Strong due diligence procedures remain in place for the appointment and extension of any contracts with third parties used in sales and promotion roles, which are subject to approval by the Ethics and Compliance Office. We also aim to engage with others in our industry, and contribute to wider efforts to tackle corruption.

Our annual training on ethical business conduct and human rights is mandatory for all employees.

*The percentage related to Ethical Business training excludes Nokia Networks employees recruited in December 2014 and the employees that transferred as part of the acquisition of SAC Wireless by Nokia Networks in August 2014.

Reporting ethical concerns

We encourage employees and anyone working with Nokia to report any concerns about potential breaches of our Code of Conduct, and have a due diligence process to flag human rights risks in our sales process. We investigate all notifications and take appropriate action when necessary.

Employees can ask for guidance or report ethical concerns by emailing ethics@nokia.com, or contacting the Ethics & Compliance Office through the anonymous channel - available both on our Intranet and Internet pages. The identity of whistleblowers is kept confidential and there is no retaliation against those raising a concern or complaint.

We take all reports of ethical misconduct seriously. The Ethics & Compliance Office received 272 enquiries and concerns in 2014, of which 120 were for advice, guidance or clarification on our policies. Of the total, 190 were reported through the ethics email and anonymous channel, and the remainder were reported directly to the Regional Compliance Counsels.

All reports of ethical misconduct are investigated by the Ethics & Compliance Office. In 2014, we investigated 152 alleged violations of the Nokia Code of Conduct. As a result of these investigations, 22 employees were dismissed and a further 7 received written warnings.
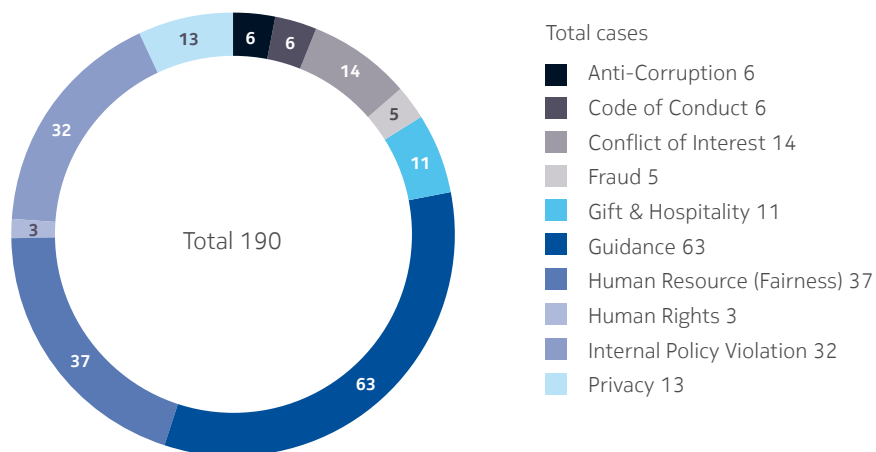
Investigations and resulting disciplinary action	2011	2012	2013	2014
Number of investigations by Ethics & Compliance Office	112	139	192	152
Number of employees dismissed on grounds of violation of Code of Conduct	40	28	26	22
Number of employees given a written warning	30	31	16	7

Ethics enquiries	2011	2012	2013	2014
Ethical enquiries and concerns raised via the ethics email and anonymous reporting channels	302	160	205	190
Ethical enquiries and concerns raised via other channels	104	114	85	82

Type of enquiries made via the ethics email and anonymous reporting channel in 2014

Total 190

Total cases
- Anti-Corruption 6
- Code of Conduct 6
- Conflict of Interest 14
- Fraud 5
- Gift & Hospitality 11
- Guidance 63
- Human Resource (Fairness) 37
- Human Rights 3
- Internal Policy Violation 32
- Privacy 13

Examples of ethical issues encountered by employees

Issue raised	Our guidance	Action taken
An employee within our competitor intelligence team found confidential material about our competitors on a public file sharing website, and asked whether they could download and distribute it.	Nokia has an Anti-Trust Compliance policy and competes fiercely but fairly. We are committed to complying with competition laws everywhere we do business.	The employee was advised that they are not ethically or legally allowed to use classified competitor material found online. Only unclassified competitor information, such as marketing on a competitor website, can be used.
A whistleblower informed her line manager of her pregnancy, and his reaction was offensive and unacceptable.	Nokia is committed to adhere the Human Rights and Global Employment policy.	The matter was investigated and the line manager counseled. He understood that his reaction was inappropriate, and agreed to avoid this behavior in the future. The whistleblower was satisfied with the outcome.
As a key sponsor of a conference, Nokia received free registrations normally worth around EUR 700. An employee asked whether we could give one of the free registrations to a customer.	Nokia has specific guidelines under our Gift, Entertainment and Hospitality policy.	The employee was advised that our guidelines state we do not give any gifts with a value over EUR 100, unless specific approval has been granted from their line manager and Business Head.

Improving people's lives with technology

We believe that our technologies are uniquely positioned to drive social and economic progress while helping to reduce the environmental impact of many industries.

Opportunities opened by the Programmable World

At Nokia, we're excited by where technology will lead us. We believe that over the next ten years, billions of connected devices will converge into intelligent and programmable systems that will have the potential to improve lives in a vast number of areas.

Today, most humans are connected. Now, we are quickly entering a totally new phase; a phase that is all about connecting things in addition to people. By 2025, we believe there will be more than 50 billion connected things in the form of devices, modules and sensors. In time, all these connected things will come together in extraordinary ways. Software will be the glue, analytics and intelligence will bring meaning, and automated action will bring simplicity and efficiency.

The human benefits have the potential to be extraordinary:

- significantly fewer fatalities and injuries as well as sharply reduced emissions through intelligent cars and, ultimately, fully autonomous driving;

- better use of scarce resources through precision agriculture and improved water management;

- more effective health-care as technology enables increased, flexible opportunities for patients to engage with clinicians, take steps to prevent conditions from becoming acute, and better self-manage their care;

- new levels of business efficiency from pharmaceuticals, power distribution, fleet management and beyond; and

- more leisure time as technology automates the many little things which consume time and effort in our daily lives.

Nokia Networks will play a leading part in developing the Programmable World. It will provide the networks that carry data traffic from machine to machine to people and it will provide companies and individuals with the intelligence to interpret and use that data.

HERE already aggregates data related to parking, gas prices, traffic and weather, among other things, and we see further opportunities in a world where billions of devices, including phones, tablets and cars, are connected.

Did you know?

An estimated 1.3 million people are killed as a result of road traffic accidents every year worldwide.

In addition, EU estimates suggest that cars are responsible for about 12% of the total EU emissions of carbon dioxide, one of the main greenhouse gasses.

Autonomous driving, where cars effectively drive themselves, without human intervention, can have a massive impact. Especially if you consider that driver error is the cause of about 90% of all car crashes.

Even if you assume that autonomous driving would result in "only" 50% fewer annual fatalities by "only" half, that would be more than half a million lives saved, every year.

At the same time, autonomous cars could reduce annual CO_2 emissions by as much as 300 million tons. That is just about the same amount as half of all CO_2 emissions from current commercial aviation, globally.

From caring for aging populations to providing clean water and safe energy to reducing greenhouse gas, the opportunities opened by the Programmable World are seemingly endless.

Our commitment to using technology for a more sustainable tomorrow

We are not only excited where technology will lead us but also committed to innovating ways to use technology for a more sustainable tomorrow. Our responsibility strategy focuses on using our technologies to help people live better lives and help reduce global carbon emissions.

Supporting sustainable development of urban areas through technology
Information and communication technology (ICT) can help reduce the environmental impact of many businesses and people. According to GeSI's SMARTer2020 report, the increased use of ICT could cut the projected 2020 global greenhouse gas (GHG) emissions by 16.5%, amounting to USD 1.9 trillion in gross energy and fuel savings, and a reduction of greenhouse gases equivalent to more than seven times the ICT sector's emissions in the same period.

By working with diverse stakeholders HERE helps define collaboration opportunities to combine ICT, energy and transport management to create innovative solutions to the major environmental, social and health challenges facing cities. In 2014, HERE continued to power smarter logistics, safer and more efficient journeys and reduce emissions through advanced traffic and navigation products and services.

Improving congestion management and reducing carbon emissions
In Europe, 70% of the population now live in cities and similar urbanization trends have been observed elsewhere in the world. This increase in population density brings challenges in urban areas, such as traffic jams and increased pollution. Traffic congestion costs us dearly economically, socially and environmentally.

HERE has developed products for the automotive industry designed to ease traffic congestion. These include HERE Predictive Traffic, a traffic forecasting product launched in November 2014 that can anticipate future traffic conditions in real-time, helping drivers to learn of delays in advance and avoid them.

In addition to being a global leader in the mapping and location intelligence business, HERE helps create more inclusive, sustainable and efficient cities through technology.

Providing real time data to help urban drivers find parking more quickly and efficiently
While driving, 30% of a car's greenhouse emissions are generated when finding a parking spot. To help drivers find parking more quickly and avoid unnecessary driving, HERE is exploring different possible applications of its advanced mapping and location technologies.

Partnering to develop solutions for smarter driving
HERE and Ford have partnered to create a concept location platform that automatically regulates a hybrid vehicle's powertrain as it travels through established or driver-specified "GreenZones". In other words, a car is able to use gas at the beginning of a trip on the highway, but switch automatically to electric battery as it enters a city, limiting noise and CO_2 emissions in highly populated areas.

Informing the public about alternatives to driving

HERE also makes using public transportation easier and brings information about public transportation alternatives to people's smartphones from more than 1 300 public transport authorities in over 960 cities around the world. The coverage of HERE Transit continued to improve in 2014, including deals with Danish, Finnish and Swedish, as well as the Parisian transit authority (STIF). HERE also started tapping directly into the journey planner of Deutsche Bahn, so any changes to available services are reflected immediately, and train timetables as well as disruptions are reported in real-time. Ease of access to reliable information on routing and timetables may have a big impact when deciding which mode of transport to use.

Improving access to information through technology

Our technology can play a fundamental role in giving people access to knowledge, information and education, and supporting the development of new skills. ICT and broadband can also play a major role in saving lives, especially in a world impacted by climate change, where up to 70% of the world's population live in areas at risk of flooding, near the coastline or river basins.*

In 2014, we struck a three-year global partnership with Save the Children with an aim to improve access to education and use technology to improve learning in Myanmar. Another key focus is to reduce the threat of natural disasters to children in Myanmar as well as in India, by providing better communications connectivity and using our telecommunications and mapping technologies.

Disaster risk reduction and communications technologies linked to mapping will help to provide:

- access to the right information at the right time,

- a geospatial database to create risk maps,

- safety maps and plans,

- alternate routes and safe zones,

- mobile-based information sharing networks for real time monitoring,

- better collaboration and coordination,

- mobile-based triggering mechanisms,

- mobile-based training and education.

*Source: The State of Broadband 2014: Broadband for all.

Respecting people in everything we do

As a provider of technologies and services that fuel our information society, we recognize our responsibility in helping to ensure that such technologies and services are used to respect, and not infringe, human rights. We also want to create an inclusive working environment where everyone feels valued, motivated and inspired to reach their full potential.

Protecting people's privacy

We believe that people have a right to know what happens to their personal data. We are committed to respecting privacy and fulfilling the expectations of our customers in this area. We strive to build privacy into the design of our products and services, and to apply appropriate safeguards to protect personal data against unauthorized use or disclosure.

In 2014, following the sale of substantially all of Nokia's Devices and Services business to Microsoft, we focused on reorganizing our privacy management capabilities to meet the demands of our new businesses and organizational structures. We introduced a new Nokia Group-wide Privacy Management Policy that provides clear privacy principles and a governance framework for our business helping to implement sound privacy-related practices.

The essential elements of our privacy program

Getting privacy right in a complex technology and business environment calls for strategic and consistent management of privacy and data-related risks and opportunities. Our privacy management model, based on a recognized accountability model, provides the structure to manage privacy across the group. The essential elements of our privacy program are:

- executive oversight,
- policies and their implementation,
- staffing and delegation,
- training and awareness,
- ongoing risk assessment and mitigation,
- provision of remedies and procedures for responding to inquiries, complaints, and privacy breaches,
- monitoring and compliance auditing.

Privacy and technology

The evolution of technology creates new privacy challenges. As a technology company, we focus on developing technology-oriented solutions to tackle these challenges.

We believe an engineering approach can play an important role in identifying and mitigating privacy threats created by new technologies. In 2014, we continued to develop our approach on privacy engineering and methodologies for assurance within our business. We also participated in external forums, contributing to the broader development of this emerging engineering discipline, and published a white paper on the topic which was well received.

Technology standardization will play a significant role in creating privacy enabled technology infrastructure for our information society. Nokia has been actively and successfully pushing for a Standards Privacy Assessment process for technology standardization to understand and manage the privacy implications of new technologies. The International Organization for Standardization (ISO) has approved it as a standing document that will from now on guide all technology standardization work of ISO. With this endorsement, we look forward seeing support for Standards Privacy Assessment from other standards bodies as well.

We believe that people have a right to know what happens to their personal data. We are committed to respecting privacy and fulfilling the expectations of our customers in this area.

Our responsibility
approach

Improving people's
lives with technology

**Respecting people
in everything we do**

Protecting the
environment

Making change
happen together

Independent
Assurance Report

Nokia sustainability
data

Improving the security of our digital society

Information security is more important than ever for operators, enterprises, and users as more and more information is shared and stored using communications technology. According to the 2014 Acquisition & Retention Study Report, 75% of customers consider security to be the operator's responsibility. Enterprises are looking for secure channels for virtual collaboration, and both end users and businesses take it for granted that operators will anticipate and protect them from security risks and meet all market and regulatory requirements for security.

We are designing all our products with security built-in and are continuously expanding our security portfolio with our own developments as well as with qualified partner products. Our solutions improve the security of our digital society and we are leading the industry in taking important steps towards responding to the concerns of mobile users and building advanced telecommunications security solutions.

In 2014, we opened the Nokia Security Center in Berlin. This advanced mobile broadband security complex combines a research laboratory and demonstration center with conference facilities. It is a hub of leading expertise focused on creating robust telecommunications security solutions. Equipped with its own fully-operational 4G/LTE test network, the Center provides a platform for cooperating with mobile

network operators, partners, governments and academic institutes to develop and share security know-how and expertise.

The Nokia Security Center is the vital next stage in our strategy to make mobile broadband security a key differentiator for our company. The Center will give an insight into the wide range of threats and help mobile operators protect their network infrastructure, services and users. Strong security attracts new customers, reduces churn and increases mobile operator revenues.

We also pledged to help the OpenSSL Project in its fight against future vulnerabilities like Heartbleed, by making a substantial financial donation and becoming the Project's first Platinum sponsor.

We are designing all our products with security built-in and are continuously expanding our security portfolio with our own developments as well as with qualified partner products.

Addressing human rights risks relating to privacy and freedom of expression

We believe that communication networks have an important role in promoting human rights by enabling free expression, access to information, exchange of ideas and economic development. We also recognize our responsibility to help ensure that our technologies and services are used to respect, and not infringe, human rights.

The Nokia Human Rights Policy articulates our commitment to respecting human rights, and reinforces our commitment to due diligence in this area across all our three businesses. In line with the policy, we conduct extensive risk assessments and human rights due diligence to mitigate the potential misuse of our products. With the three very distinct businesses at Nokia, it is clear that different approaches are needed to adequately assess and address these risks.

In 2014, we collected feedback on the effectiveness of Nokia Networks' due diligence process from our customer teams and relevant regional teams. Based on their feedback, we started fine tuning the process by working together with the people in our sales teams to ensure due diligence starts before negotiations begin with potential customers. We also began reviewing and updating due diligence requirements related to our decisions to enter new markets.

We presented our due diligence approach at external stakeholder events in several

countries, including Finland, Sweden, the United Kindom, and the United States. Read more about our stakeholder engagement in this area on page 54.

Implementing the guiding principles of the Telecommunications Industry Dialogue
Nokia is a founding member of the Telecommunications Industry Dialogue (ID) on Freedom of Expression and Privacy. We are committed to implementing the ID guiding principles and reporting annually on progress.

Nokia was the first telecommunications company to carry out due diligence specifically addressing human rights risks related to privacy and freedom of expression.

Implementing the ID guiding principles

	ID guiding principle	Implementation status
1	Create relevant policies, with Board oversight or equivalent, outlining commitment to prevent, assess and mitigate to the best of their ability the risks to freedom of expression and privacy associated with designing, selling and operating telecommunications technology and telecommunications services.	Nokia is committed to the Guiding Principles of the Telecommunications Industry Dialogue. We outline our commitment to human rights, including freedom of expression and user privacy in our Code of Conduct. Our Human Rights Policy builds on the Code of Conduct to further underpin our commitment in this area.
2	Conduct regular human rights impact assessments and use due diligence processes, as appropriate to the company, to identify, mitigate and manage risks to freedom of expression and privacy — whether in relation to particular technologies, products, services or countries — in accordance with the Guiding Principles for the Implementation of the UN Protect, Respect and Remedy Framework.	We work continuously to mitigate risks in this area through our Human Rights Due Diligence Process. In December 2014, we finalized an extensive review of the due diligence process for our Networks business and are currently updating the process to improve it further. The new Nokia human rights policy extends the company's commitment for due diligence across the Nokia Group, covering its all three business units. In the spirit of the Industry Dialogue best practices sharing, we also presented our due diligence approach in Industry Dialogue events to varying audiences in Washington DC, in London and in Stockholm in 2014.
3	Create and/or maintain operational processes and routines to evaluate and handle government requests that may have an impact on freedom of expression and privacy.	As a vendor of telecommunications equipment, we at times receive government requests through our customers, usually regarding network functionality. In 2014 we started defining a new group level process for Nokia on how to handle these requests.
4	Adopt, where feasible, strategies to anticipate, respond and minimize the potential impact on freedom of expression and privacy in the event that a government demand or request is received that is unlawful, or where governments are believed to be misusing products or technology for illegitimate purposes.	We encourage everyone to report any suspicion of misuse through our http://company.nokia.com/en/about-us/corporate-governance/nokia-code-of-conduct.
5	Always seek to ensure the safety and liberty of company personnel who may be placed at risk.	We are committed to providing a safe and healthy workplace where all employees are treated with respect and provided with equal opportunities. This commitment is outlined in our Code of Conduct.
6	Raise awareness and train relevant employees in related policies and processes.	We focus on training the teams directly involved in the due diligence process but we have also included an introduction to the Human Rights Policy in the annual training regarding Nokia's Code of Conduct which is mandatory for everyone working at Nokia.
7	Share knowledge and insights with all relevant and interested stakeholders to improve understanding of the applicable legal framework and the effectiveness of these principles in practice, and to provide support for the implementation and further development of the principles.	We participate in major multi-stakeholder events and when required, provide comments to reviews, guidance and statements. Within the Telecommunications Industry Dialogue Group, we share case studies and challenges from our operating environments with other members.
8	Report externally on an annual basis, and whenever circumstances make it relevant, on progress in implementing the principles, and as appropriate on major events occurring in this regard.	We report on the progress in our annual Sustainability Report.
9	Help to inform the development of policy and regulations to support freedom of expression and privacy including, alone or in cooperation with other entities, using its leverage to seek to mitigate potential negative impacts from policies or regulations.	While we aim to engage in constructive dialogue with all our stakeholders whenever the need arises, our main forum for advancing issues related to freedom of expression and privacy is the Telecommunications Industry Dialogue group.
10	Examine, as a group, options for implementing relevant grievance mechanisms, as outlined in Principle 31 of the UN Guiding Principles for Business and Human Rights.	We encourage reporting of any suspicion of misuse through the channels available on our website: http://company.nokia.com/en/about-us/corporate-governance/nokia-code-of-conduct.

Ensuring decent working conditions and fair employment

We have a fundamental responsibility to provide decent working conditions and treat our people fairly. Our Code of Conduct sets the standard for labor conditions and we have comprehensive global human resources policies in place that ensure fair employment. These are aligned with international labor laws and standards. We follow the International Labor Organization (ILO) Fundamental Rights at Work and we meet or exceed the requirements of labor laws and regulations everywhere we operate.

Our global employment policies demand high standards of ethical conduct and they are aligned with relevant ILO conventions, the SA8000 and the common industry code of conduct. They cover:

- child labor avoidance,
- voluntary employment,
- freedom of association,
- non-discrimination,
- humane treatment,
- working time,
- compensation,
- occupational health,
- occupational safety.

Child labor avoidance
We have a strict policy against using child labor. Our ethical and human resources policies and related processes are designed to ensure that no one below the legal working age is hired in our business. If we identify child labor, we implement remediation activities in line with SA8000 recommendations.

Voluntary employment
We strictly prohibit the use of forced, bonded or imprisoned labor. We acknowledge the types of challenges and risks that we are likely to face in relation to this topic and work to mitigate them. Our employment policies also include examples of concrete actions to minimize these risks.

Freedom of association and collective bargaining
We support the freedom of association for all our employees and the right to collective bargaining. We also recognize local works councils in relevant countries and are willing to engage with them.

In Finland and Germany, all employees are covered by country-wide collective bargaining agreements. Part of our workforce in China and India are also covered by collective bargaining agreements and there are trade unions in our factories in Beijing, Shanghai and Suzhou.

Non-discrimination
We have zero tolerance of any form of discrimination. We prohibit discrimination based on any personal attribute such as age, gender, nationality, opinions, memberships, religion, disabilities or race in all employment practices, including recruitment, promotions, training or pay levels.

Working time
We regard working time as the time an employee must be available, ready to work and to perform duties monitored and regulated by the employer.

Compensation
All our employees have a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. We pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers' basic needs, we work with the Fair Labor Association (FLA) – fair labour association – to take appropriate actions that seek to progressively realize a level of compensation that does.

Managing and monitoring labor conditions
We monitor and assess labor conditions in all our businesses, especially within manufacturing operations. We have our own factories in China, Finland and India. Each factory monitors labor conditions through regular self-assessments that are used to create improvement plans. This helps us continually improve labor conditions.

Our Labor Conditions Management Framework guides the implementation of our global labor standard. This is integrated into our global employment policies and guidelines. We publish information on our Global Labor Standard on the Intranet.

Our Code of Conduct sets the standard for labor conditions and we have comprehensive global human resources policies in place that ensure fair employment.

The health & safety of our employees and contractors

The health, safety and wellbeing of our employees and contractors is central to how we do business.

At Nokia Networks, employees and contractors can face significant risks, including installing and maintaining equipment at height or in confined spaces, and constructing base station towers. We strive to ensure that all our employees and contractors are aware of the risks associated with their job, and receive the necessary training and equipment to work safely – whether in the office or on site.

Our focus on safety is not only important to us as a responsible business, but is demanded by our customers. Differentiating ourselves by demonstrating robust safety standards and improved performance helps us build trust and win work.

Addressing key risks

We run programs to improve our health and safety performance, and encourage open reporting of incidents and near misses by contractors and employees. Any fatality is unacceptable. We therefore report for all tiers of contractors to ensure that all incidents are investigated. We learn from these incidents and implement preventive measures where possible. All fatal, critical and high potential incidents are reviewed by members of the

Nokia Networks Leadership Team and we hold quarterly fatality prevention meetings.

We have started conducting project implementation assessments to more closely review high-risk projects in each market. In 2014, we completed 85 assessments in 32 countries, and we plan to continue these assessments throughout 2015.

There were no employee fatalities in 2014, but we deeply regret that in 2014 our contractors had eight fatalities, the majority of which were due to road traffic accidents. We have introduced an updated road safety program which sets minimum global standards for the driver, vehicle and journey, and offers an implementation plan for internal and external stakeholders. In addition, we have established a consequence management program with our suppliers. In 2014, we reviewed 27 incidents, issued 17 warnings, and stopped working with one supplier.

We continue to focus on near-miss incidents. This allows us to address improvements before an incident occurs.

Creating a culture of risk prevention

Our mandatory health and safety training emphasizes the importance of identifying and avoiding risks, and reporting incidents. Engaging our leaders and encouraging reporting of near-misses – hazards or

incidents that did not result in injury but could have – helps to reinforce the importance of proactive safety management. By creating a culture that identifies hazards and supports active risk prevention and action, we can significantly lower the number of incidents that occur. As part of this, senior leaders are getting more actively involved in safety, with regular management reviews and site tours. In 2014, we increased the number of senior leader tours to 123, from 79 in 2013.

Improving safety management

The OHSAS 18001 is an internationally recognized standard that provides the framework and foundation for our health and safety management system, and drives continuous improvement. In 2014, we maintained our OHSAS 18001 certification by successfully completing 22 external audits globally, and extending our scope to include China. This demonstrates our commitment to long term safety improvement.

Health and safety performance*

	2011	2012	2013	2014
Lost-time incidents of employees **	160	101	57	56
% Critical and Fatal incidents of all incidents reported	4.80%	3.43%	0.45%	1.50%
Near miss incidents reported	55	141	636	630

Work related fatalities

	2011	2012	2013	2014
Total number of employee fatalities	4	2	0	0
Total number of contractor and subcontractor fatalities	9	10	2	8

* Our incident and near miss tracking includes also cases from externals working for Nokia. Cut-off day for incidents reporting is 12th January. There can be some cases, especially from contractors, reported after the cut-off day.
**Nokia's health and safety organisation puts most effort on prevention of critical and fatal incidents and we realise lost-time incidents data is not as accurate as the aforementioned data.

Making Nokia a great place to work

A healthy, motivated workforce is vital to Nokia's success. We aim to attract a skilled and committed workforce, and conduct our business in a way that satisfies our customers, consumers, investors and employees.

Who we are today

In 2014, Nokia underwent significant changes in the number and composition of employees, resulting from two major changes in the corporate structure.

The divestment of the Devices & Services business in April 2014 resulted in a reduction in employees across the organization, as almost all of the employees serving in that business transferred to Microsoft.

We also restructured Nokia to include Nokia Networks, formerly known as NSN, as a business under the Nokia organization. Now, over 89% of our employees are from the former NSN organization.

Building one Nokia

After the divestment of our Devices & Services business in April 2014, we started to build one Nokia by engaging employees in the new organization. We shared information on the new company, its direction and leadership with employees through emails from the leaders, internal news articles and information sharing sessions hosted by the newly appointed leaders. During the President & CEO's first 100 days, he met over 15 000 employees across different sites, and held town hall events with employees and meetings with local leadership teams. He also published a series of blogs and videos on our intranet, in relation to his meetings with customers, employees and other stakeholders. The President & CEO's leadership team followed with similar updates providing employees with a 360-degree view of the new Nokia and its business.

We gave employees the opportunity to discuss and share their thoughts on the new company on our intranet, which includes an introduction to the three Nokia businesses, company structure and leadership. This one-stop shop for company information was also the main channel for communicating the new Nokia governance model introduced in late May.

An important building block in bringing the teams together and becoming "one company" was the launch of our new values in July. The new set of values was built on the heritage of the companies that are part of Nokia while, at the same time, reflecting the business of today.

We aim to create an organization where ethical business practice and workforce diversity are a source of pride, and where employees have a safe and motivating working environment with equal opportunities.

At the end of the year:

Nokia employed a total of

61 656
people

54 586 (89%)
worked for Nokia Networks

6 257 (10%)
for HERE

813 (1%)
for Nokia Technologies.

During the year:

79%
of employees were men

21%
were women

We recruited

11 302
people

98%
of employees had a full-time contract and only 2% worked part-time

4%
of employees worked directly in production at our factories in Finland, India and China.

95%
of employees had permanent contracts while 5% had fixed term or temporary contracts.

In 2014:

The average age of a Nokia Networks employee is

37

3 714
employees chose to leave the company, an attrition rate for voluntary leavers of

7%

Respect

We treat each other with respect and we work hard to earn it from others.

⌃

Achievement

We work together to deliver superior results and win in the marketplace.

⌃

Renewal

We invest to develop our skills and grow our business.

⌃

Challenge

We are never complacent and perpetually question the status quo.

New Nokia values

The Nokia values were designed to guide our decisions, our way of working and the responsibility we have towards our customers and other stakeholders. We strive to bring these values to life in how we think, act, behave and communicate.

Employee awareness of the new values has been remarkable. We conducted a simple survey with a cross-section of employees in Nokia Networks, HERE, Nokia Technologies and the Group Common Functions, which found:

- 95% of our employees were aware of the new values

- 87% understood and supported the new values

- 79% said the new values seem like the right way forward

- 77% understood why the new values were created.

To further build the company culture, we introduced "One Nokia" at the Capital Markets Day event in November 2014.

Defining and driving our culture

Nokia's culture builds on our values and is embedded across the organization through governance structures, policies and our systems and processes.

We currently have a number of different cultures throughout Nokia, influenced by a range of factors including geography, leadership styles, business focus and acquisitions. We aim to build a common high-performance culture throughout Nokia. This means pursuing continuous improvement and high-performance in line with our values, and creating a great place to work with the highest employee engagement.

Employee engagement

Despite significant change and restructuring, there is still a high level of engagement across Nokia. The new Nokia Employee Engagement Survey conducted throughout the company, indicated new record high scores in the area of leadership.

	Employee Engagement	Leadership
Nokia Networks	86%	71%
HERE	84%	61%
Nokia Technologies	77%	51%
Nokia Group	86%	70%

These high scores show that our employees believe in the future of the company and its strategy, and see it as a place where they can develop. Employee engagement is key to embedding our culture, which is needed to

achieve long-term success and is therefore an integral part of our culture transformation program.

Offering equal opportunities

We aim to create an organization where ethical business practice and workforce diversity are a source of pride, and where employees have a safe and motivating working environment with equal opportunities.

Diversity

We believe it is important to employ a diverse range of people from all backgrounds, experiences, levels of education, genders, ages and nationalities.

In 2014, we employed at least 130 different nationalities.

At the end of December 2014:

- The Nokia Group Leadership team included members from Canada, Finland, Singapore, the United Kingdom and the United States.

- 13% of senior management positions were held by women.

- 72% of senior management positions were held by employees of non-Finnish nationality.

In 2014, HERE was recognized as a leader in corporate policies and practices related to workplace equality, by the Human Rights Campaign (HRC). HERE scored high on HRC's Corporate Equality Index in recognition of its non-discrimination workplace protections, domestic partner benefits, transgender-inclusive health care benefits, competency programs, and public engagement with the LGBT community.

Training

We continued to invest in training and support for our people to develop the capabilities needed to deliver our new business strategy.

Our Academy, which in 2014 provided learning solutions for employees in Nokia Networks and Nokia Group Functions arranged around 27 hours of training per employee, an increase of 42% compared to

2013. In addition to classroom training, the Academy used cost-effective technologies to deliver training, such as virtual classroom learning. Around 45% of the training was instructor led and the remainder was web-based.

Training for HERE and Nokia Technologies was arranged separately in 2014. The training costs for employees in these functions totaled around EUR 4.2 million.

We ran a Talent Watch program at Nokia Networks during 2013, to identify employees for leadership training. In 2014, we offered this training to 1 056 employees who gave the programs an average rating of 5.37 out of 6. This does not include programs for executives or those offered as open enrollment by the Academy.

Personal development is key to retaining and engaging our employees and developing their skills.

Almost all, 99%, of eligible employees covering the whole of Nokia, have received performance evaluation related to their year 2014 performance. In addition, 78% of Nokia Networks employees had a Personal Development Plan in place at the end of 2014.

Rewarding

We use a global framework to set salary bands, which are applied regardless of

We encourage employees to complete a Personal Development Plan (PDP), agreed with their line manager, outlining how they will work towards their personal and career aspirations in the short and long-term.

gender, age or background. Levels of compensation are determined by local labor markets, and take into account both individual contribution and company performance. In countries and sites where we have collective agreements in place, salaries are set according to those agreements.

Our performance management and rewards approach highlights the importance of quality dialogue between managers and employees, and greater rewards for individual contribution.

In 2014, Nokia Networks launched a new employee reward and recognition program - Recognize Excellence. This empowers employees and managers with a discretionary budget to perform peer-to-peer recognition and rewards. Aligned to and supported by the new values, this is designed to encourage more frequent and less formal ways of recognizing individual performance.

Approximately 6 270 employees in 27 countries were given the opportunity to participate in the Employee Share Purchase Plan for the plan cycle in 2014. This program did not cover Nokia Networks employees in 2014.

Volunteering
Volunteering is an important part of our employee engagement and enables us to make meaningful contributions to the communities where we operate. By working with local communities and projects of their choice, our employees can learn new skills and gain new perspectives, and the communities benefit from the professionalism and experience of our employees.

In 2014, we started aligning the Nokia and former NSN volunteering policies to create a new policy covering all of Nokia, to be launched in 2015.

For over a decade, the Nokia Helping Hands program has given every Nokia employee the opportunity to volunteer two working days a year to support projects in the local community.

Ensuring a smile on every child´s face at Christmas time
For many people, Christmas is a time for family and presents. But there are underprivileged children, who are not able to celebrate Christmas safe and sound with their families. In December 2014, together with Junior Chambers, Nokia's Volunteering team in Finland organized a campaign to collect presents for those children who might not get one from anyone else. The volunteering team selected children aged up to 17 who are in child welfare care in Espoo, Helsinki, Oulu, Salo and Tampere regions.

Employees at every Nokia office in Finland were invited to place a present under the Christmas tree, labeled with the age and gender of their intended recipient. The volunteering team collected a total of 1 391 presents, which were delivered to the local social welfare authority for distribution in the selected regions.

Our progress against the targets set for 2014

Target for 2014*	Progress in 2014	Status in 2014	Future targets**
Increase Employee Engagement Index by 1.5 percentage points.	Increased from 82% in 2013 to 86% in 2014 (Nokia Networks and Group Functions).	■	Maintain and improve our overall employee engagement, progress towards 90%
Increase Leadership Perception Index in our annual survey by 2 percentage points.	The new Nokia Employee Engagement Survey administered across all of Nokia groups indicated new record high scores in the areas of Leadership: increased from 64% (2013) to 71% (2014).	■	Establish a firm understanding of Nokia's culture and vision among all employees
Increase employee support for direction of the business by at least 4 percentage points.	The company direction and change survey results improved by 4.6 percentage points.	■	Maintain and improve overall employee support for our company direction
Provide leadership training for around 1 950 leaders at various levels of the business.	At Nokia Networks, we ran a Talent Watch process in 2013 to identify employees for a specific leadership training. As a result, we offered leadership training to 1 056 employees during 2014.	■	

- ■ Achieved
- ■ On track/Partially achieved
- ■ Not achieved

* These targets cover Nokia Networks only

** These targets cover whole the Nokia unless otherwise indicated

Protecting the environment

Our products inevitably affect the environment because making, distributing and operating them uses energy and other resources. To reduce our environmental impact, we focus on operating more efficiently and designing products and services that help telecoms operators to reduce energy consumption in their networks.

As our environmental impact and our ability to manage it originate predominately from our networks business, this chapter focuses on sustainability matters related to Nokia Networks. For more detailed information see 'Sustainability data', page 68.

Our commitment to protecting the environment

Nokia's longstanding commitment to protecting the environment and managing environmental issues actively, openly and ethically, meets and often exceeds legal and regulatory requirements. We embed environmental considerations into our operations, business planning, decision-making and monitoring activities to understand impacts and continuously improve. We also expect our business partners and suppliers to share our commitment to the environment.

Our top five focus areas – based on their impact on the environment and our ability to manage them – originate from our networks business.

Managing our environmental impact

Improving the efficiency of our activities throughout the value chain across our three businesses is helping us to save energy, cut carbon emissions and costs, and minimize waste. Our environmental management system (EMS), helps us monitor progress and identify ways to improve further. It provides the basis for all of our environmental activity.

Our top five focus areas – based on their impact on the environment and our ability to manage them – originate from our networks business:

- energy consumption,

- travel and transport,

- waste management,

- compliance with environmental laws,
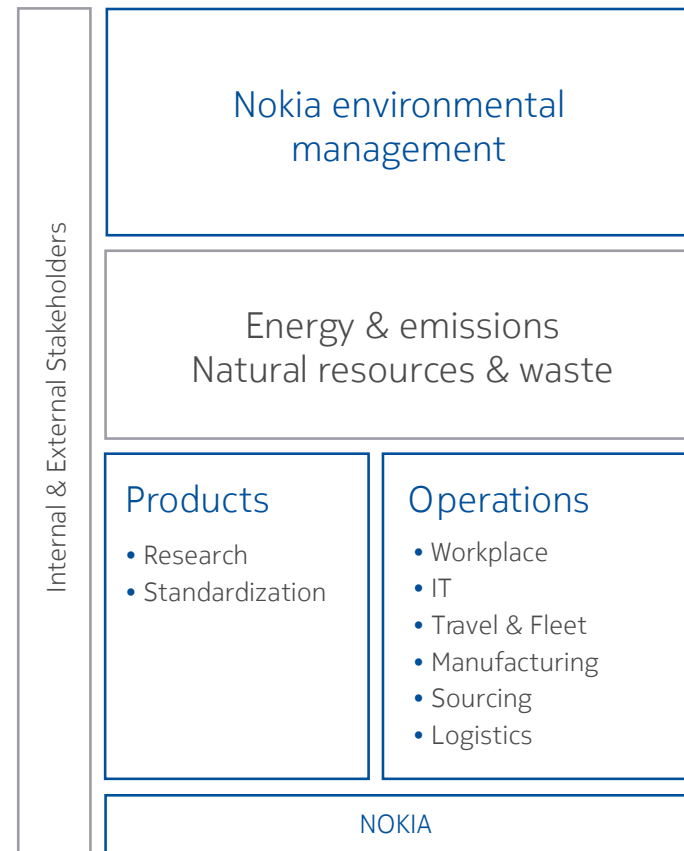
- suppliers and third-party products.

Energy consumption of our products in use is a priority, as this is responsible for at least three-quarters of our total lifecycle greenhouse gas emissions. We are committed to finding new ways to reduce energy consumption, to offer the best products and solutions for our customers.

In our own operations, we are cutting emissions by improving energy efficiency, purchasing certified renewable energy from the grid, and promoting less travel and lower-carbon modes of travel.

Laboratories are our most energy-intensive buildings. We are improving the efficiency of lab cooling systems to cut energy consumption. In our offices, we are finding ways to use the space more efficiently, for example flexible workspaces, which reduces the amount of office space needed. We strive to embed environmental improvements which also have potential cost savings in everything we do, through our Green to Gold initiative.

In 2014, we continued our global audit program and maintained certification to the international environmental management standard ISO 14001 for Nokia networks, operations and for selected HERE operations. In addition, the two head offices of our HERE business in Berlin and Chicago achieved the WWF Green Office certification. This certification recognizes our strong environmental management systems and efforts to reduce the impacts of our offices.

Our approach to environmental management
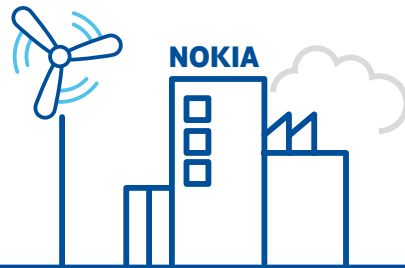

Internal & External Stakeholders

Nokia environmental management

Energy & emissions
Natural resources & waste

Products
• Research
• Standardization

Operations
• Workplace
• IT
• Travel & Fleet
• Manufacturing
• Sourcing
• Logistics

NOKIA

Our environmental improvements in 2014

50%
of the electricity used in 2014 generated from renewable sources.

6%
reduction in greenhouse gas emissions from our offices and factories, compared to 2013.

100%
of our packaging is recyclable.

Every
new product is more energy efficient than the previous model.

Around
1 700 000
kg of old telecom equipment sent for materials recovery.

>90%
of the materials used in our base stations can be reused or recycled.

5%
less water used than in 2013.

95%
of our waste was recycled, reused or used as energy.

200 000
kg less packaging material used than in 2013.

Around
**15 900**
units refurbished.
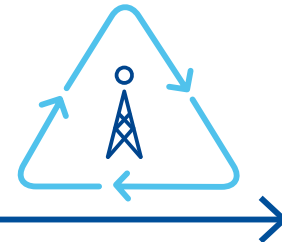
Improving the efficiency of our activities

We continually improve our environmental performance across our full value chain and the lifecycle of our products, and consider the interdependence of environmental impacts at different phases.

In 2014, we continued to increase the use of green energy. Half of the electricity we used came from renewable sources: certificates and direct green electricity purchases. In addition, we continued to reduce our energy consumption and emissions, and achieved 6% reduction of greenhouse gas emissions from the Nokia Networks offices and factories compared to 2013.

We continued reducing our energy consumption and emissions, and achieved a 6% reduction of emissions from the Nokia Networks offices and factories.

The use phase of our products makes the largest part of our carbon footprint
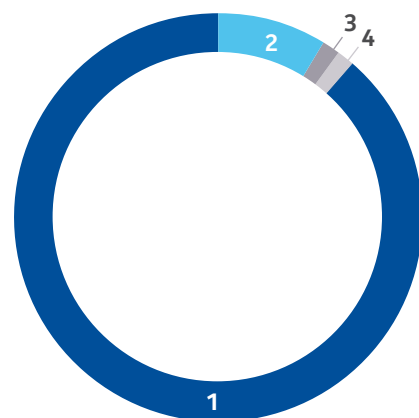
Tonnes CO_2*

■	1. Product use-time (Scope 3)	25 481 000
■	2. Suppliers (Scope 3)	2 700 000
■	3. Logistics (Scope 3)	199 500
■	4. Energy use in buildings (Scope 1+2)	171 100
	5. Business air travel (Scope 3)	62 000
	6. External data centers (Scope 3)	700

* Suppliers (Scope 3) in CO_2e

Improving the efficiency of our most energy-intensive buildings

We aim to improve the efficiency of our most energy-intensive buildings, particularly test labs, based on our analysis of energy use at the sites with the highest energy consumption. The energy performance of our test labs is measured and expressed using the Power Usage Effectiveness (PUE) method. The performance of these sites is then ranked, from which the lowest ranked labs and highest energy users are investigated to identify root causes and actions for improvement.

In 2014, we installed Automatic Meter Reading (AMR) technology across 15 sites with the largest test labs. This improved monitoring and understanding of our energy use, enabling us to focus our energy reduction initiatives.

We undertook a study with the University of Oxford to identify energy efficiency improvements in our laboratory in Espoo. The findings will be used as a basis for energy efficiency improvements at other laboratories. Our new sites in Finland have already been designed according to the latest requirements and models.

We identified and implemented a series of energy efficiency measures across our portfolio, including environmental controls, presence detectors that detect when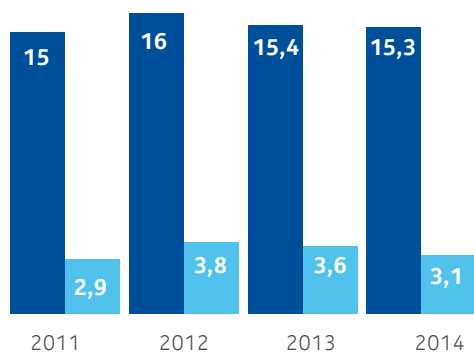 to turn the lighting on, free cooling and fuel switching. We aim to continue throughout 2015, to build a culture of energy efficiency across the business.

Energy consumption in our buildings

GWh

■	575
■	554
■	508
■	468
■	49

2011 2012 2013 2014*
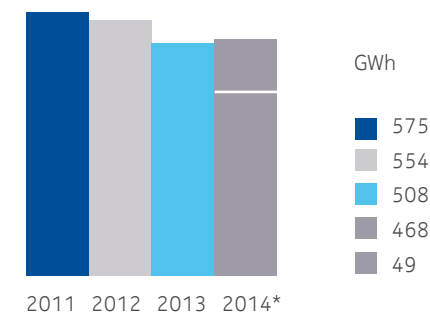
* 2011-2013 Nokia Networks only.
2014 Nokia Networks (468), HERE and Nokia Technologies (49)

Our CO$_2$ emissions from buildings reduced in relation to sales and headcount

Year	tonnes CO$_2$/sales EUR million	tonnes CO$_2$/headcount
2011	15	2,9
2012	16	3,8
2013	15,4	3,6
2014	15,3	3,1

■ tonnes CO$_2$/sales EUR million
■ tonnes CO$_2$/headcount

2011-2013 covers Nokia Networks only. In 2014, the ratios are the same for Nokia Group and Nokia Networks only.

50% of the electricity we used in 2014 came from certified renewable sources.

Reducing emissions from business travel and commuting

Our initiatives to reduce emissions from business travel include: encouraging virtual meetings using ICT, allowing employees to work from home, implementing policies for employees' cars, and organizing shuttle buses between hotels, offices and airports.
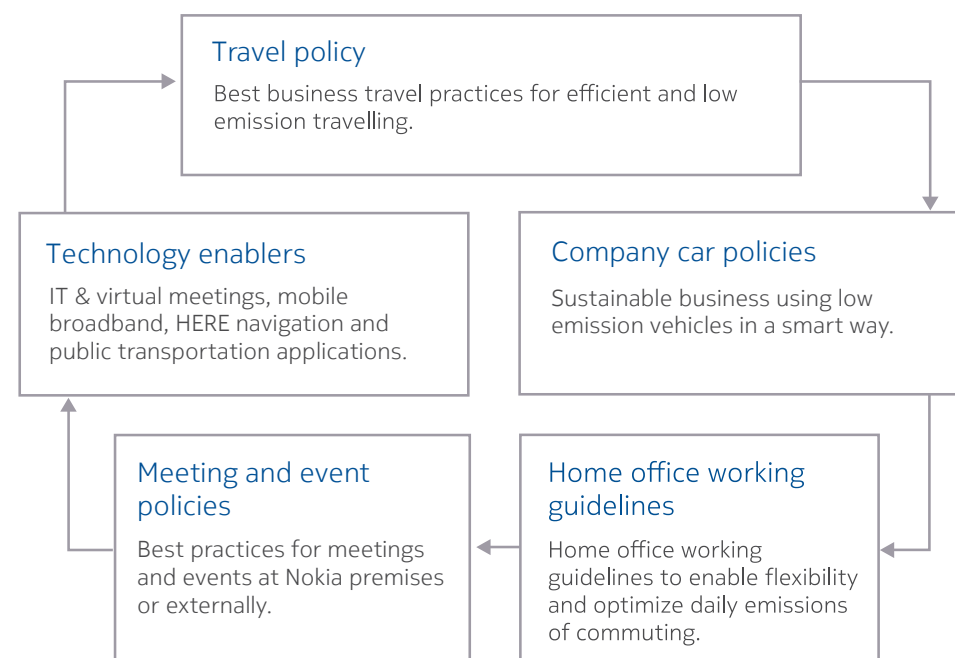
Business travel includes flights, hotels, rail, rental cars, taxis and public transport. Our reporting is based on the biggest contributor to business travel emissions, air travel, for which we calculate the CO$_2$ emissions based on the number of miles flown.

In 2014, our Group-level emissions related to business air travel were 72 300 tonnes CO$_2$, 62 000 tonnes of which were from our Networks business (53 000 tonnes in 2013).

Toward the end of the year, we started reporting the fuel consumption and emissions of our global fleet. Improved transparency will enable us to develop the company car policy for all Nokia units globally.

We have several policies and guidelines which help us to minimize emissions of our own operations, and they all link to our ways of working. Connectivity and mobility are our areas of expertise.

Smart mobility

Travel policy
Best business travel practices for efficient and low emission travelling.

Technology enablers
IT & virtual meetings, mobile broadband, HERE navigation and public transportation applications.

Company car policies
Sustainable business using low emission vehicles in a smart way.

Meeting and event policies
Best practices for meetings and events at Nokia premises or externally.

Home office working guidelines
Home office working guidelines to enable flexibility and optimize daily emissions of commuting.

Greening our IT

Increased use of IT often means increased energy consumption. We aim to reduce CO_2 emissions from our IT operations and the use of IT products by 20% by the end of 2015, compared to 2008.

At the end of 2014, we had cut overall carbon emissions from IT by 17% compared to 2008, and we are on track to meet our 2015 target. This was mainly due to improved data center efficiency, including more efficient temperature control systems, consolidation and server virtualization (using fewer physical servers to store the same or more data). In addition, we continued energy management of personal computers (PCs) and other systems within our operations. We require all new PCs and notebooks to be certified as Energy Star 5.0 and encourage employees to turn off computers and use standby mode to cut energy use. Printing defaults are set to black and white and double-sided to reduce paper consumption, and we have removed personal printers.

Creating smarter logistics

We aim to continually improve the efficiency of logistics, reducing environmental impacts from the transport of components from suppliers and products to customers. We focus on reducing packaging and the use of air freight. In 2013, we started using pallets to transport boxes without any additional containers, in selected shipments. This 'box on pallet' packaging saves space, reduces

use of materials, limits costs, and cuts fuel consumption and carbon emissions.

Despite an increase in overall CO_2 emissions from transporting our products in 2014, we made great progress with our more efficient method of packaging. By increasing the use of the box on pallet method in our product deliveries, we were able to reduce the usage of packaging material by around 200 000 kg . This change also increased packaging density by up to 30%, which in turn decreased the CO_2 emissions in these particular deliveries. We aim to increase the use of box on pallet further in 2015.

## Reusing packaging

All of our packaging is recyclable and we use recycled fiber wherever possible. We also reuse the product packaging that we receive at our inbound distribution hub, for outbound products.

In 2014, our reuse of packaging in the distribution hubs decreased due to the more extensive use of the box on pallet method.

By increasing the use of the box on pallet method in our product deliveries, we were able to reduce the of packaging material used by around 200 000 kg.

Reuse of packaging in our distribution hubs decreased due to more extensive use of the box on pallet delivery method

metric tonnes
■ 4100
■ 3700
■ 3600
■ 2400

2011 2012 2013 2014
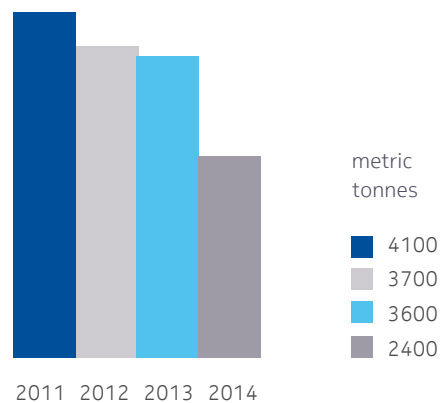
Reducing, reusing and recycling waste in our own operations

We aim to minimize water use and reduce the overall amount of waste we create while increasing the amount we recycle. We follow the principles of the Waste Hierarchy: reduce, reuse and recycle. We aim to reduce the amount of waste generated and, where we have control over our waste disposal, adopt a rigorous approach to segregate and sort our waste into 19 sub-categories to maximize opportunities to recycle.

Our waste management efforts focus on:

1. Reducing the amount of waste as a whole.

2. Minimizing the amount of waste going to landfill.

3. Reusing products and materials, and avoiding the use of disposables.

In 2014, we generated a total of 6 300 tonnes of waste – 2% more than 2013 – but cut waste sent to landfill by 200 tonnes. Utilization increased from 93% to 95%. Packaging material made up more than half of our total waste, which we recycled.

Paying attention to our water use

Water is an increasingly scarce resource in many of the countries where we operate. Even though Nokia's operations are not water intesive, we monitor water usage to identify

We sent only 5% of our waste to landfill

Total 6 300
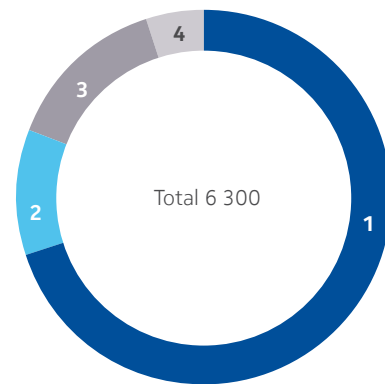
Tonnes

- 1. Recycled 4 400
- 2. Reused 700
- 3. Energy recovery 900
- 4. Landfill 300

We follow the principles of the Waste Hierarchy: reduce, reuse and recycle.

and implement water savings measures wherever possible, and support reductions in water use through campaigns and training.

In 2014, we used a total of 504 000 m^3 of water across our operations - 5% less than in 2013.

Minimizing the environmental impact of networks

Starting from research
Using fewer materials in radio access network equipment cuts their environmental footprint. In 2014, our Technology and Innovation Research team focused on material efficiency by analyzing materials efficiency using life cycle assessments.

Ensuring compliance
As a manufacturer of complex and technologically advanced products, it is important to have systems in place to track the regulatory status of substances used in components. We list substances falling under restrictions in the Nokia Networks Substance list, which is regularly updated and published on our website. Sometimes we implement further restrictions and earlier substitution dates than those identified by legislation. We also list Monitored Substances that are under discussion to be restricted or phased out in the future.

To ensure compliance of our suppliers, we include the Nokia Networks Substance List requirements in our purchasing process as a reference document, and require suppliers to provide us with the material content of the parts and components they deliver. This forms part of our global purchasing terms and conditions, an essential part of our contracts with our suppliers.

We need to be prepared for the potential impact of substances being restricted in the future. That is why our substance tracking systems are increasingly important in ensuring our continued legal compliance, and for fulfilling our customers' requirements. During 2014, we followed up ongoing discussions around phthalates within authorities and associations. Using our tracking tool we located the use of these substances in Nokia Networks parts and components, enabling us to prepare for their phase out or substitution.

Designing more energy efficient products and services
The importance of managing energy increases every year as mobile data continues its exponential pace of growth with video streaming, internet access and social media as the main drivers. Expanding our business to meet the world's growing demand for communications will increase the total impact, making it essential to improve resource efficiency and use more renewable energy.

The use-phase of our products is a key priority. It is responsible for three quarters of the greenhouse gas emissions across the entire lifecycle, and for typical urban and rural sites in Europe, the use-phase accounts for 84 – 89% of global warming potential.

The importance of managing energy increases every year as mobile data continues its exponential pace of growth
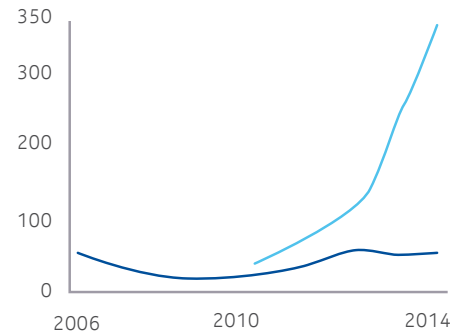
→ Product energy consumption (TWh)
→ Estimated mobile traffic 1 000*TB

For a typical urban basestation site in Europe, the use phase accounts for over 84% of global warming potential (%)
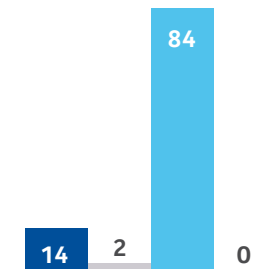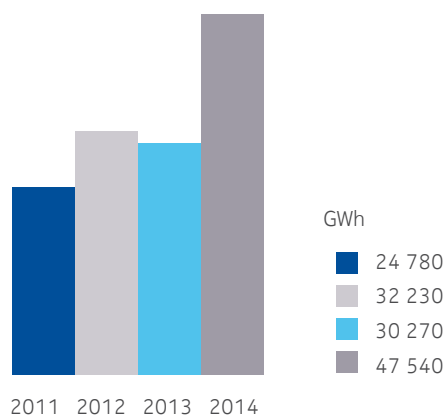

- Production
- Logistics
- Use phase
- End of life

Expanding our business to meet the world's growing demand for communications will increase the total impact, making it essential to improve resource efficiency and use more renewable energy.

We improve the energy efficiency of our products in use by refining hardware models, developing software and supporting customers with energy management services. We aim to ensure that every new product is at least 15% more energy efficient than the previous model.

The total use-time energy consumption of our products has increased since 2011. However, each new product enables higher volumes of network traffic when in use resulting in improved overall energy efficiency.

GWh

- 24 780
- 32 230
- 30 270
- 47 540

2011   2012   2013   2014

2013-2014 energy consumption is based on products sold in high volumes, representing over 80% of the total use-time energy consumption.

In 2014, we focused on improving the measurement of product energy efficiency, following the European Telecommunications Standards Institute's (ETSI) standard. All of our new radio product releases were measured according to the ETSI TS 102 706 standard to ensure they are comparable with similar products on the market. We also trained our research and development teams accordingly to the energy efficiency requirements. We continued to develop new software and active features to use energy more efficiently. This enables radio access networks to better adapt to variable network demand in different locations and at different times – a trend accentuated by the increased use of smart phones and demand for data.

In 2014, we focused on improving the measurement of product energy efficiency and finalizing our Zero CO_2 emission base station site offering which we launched in March 2015.

Managing energy consumption in networks
A base station is just one contributor to the overall energy use in networks. Forwarding bits accounts only for around 15% of the energy consumed by the network. Instead, around 80% of a mobile network's energy is consumed by base station sites. Much of this energy is used to power cooling systems, for heating and lighting, consumed by uninterruptible and other power supplies, and in running idle resources.

Our Flexi base stations already increase a base station site's energy efficiency significantly by allowing outdoor operations at temperatures up to 55 degrees Celsius, without any additional cooling. In 2014, we focused on enhancing network wide improvements and optimization.

We have set ourselves a goal to keep networks' energy consumption flat by 2020. Read more in our Technology Vision 2020 available at networks.nokia.com/innovation/technology-vision.

Our Flexi base stations increase a base station site's energy efficiency significantly by allowing outdoor operations at temperatures up to 55 degrees Celsius, without any additional cooling.

Recycling and reusing old telecom equipment

Our aim is to recover the material and energy content of obsolete products and ensure safe treatment of the substances they contain. We take back equipment at the end of its useable life, including that of other manufacturers, to ensure that it is disposed of responsibly and sustainably. A small number of reputable recycling contractors treat everything from components to entire products, recycling materials where possible and disposing of hazardous waste responsibly.

In 2014, we had around 320 asset recovery cases. We sent a total of 1 713 380 kg of old telecom equipment for materials recovery and refurbished 15 901 units.

Radio waves and health

Wireless communications technologies operate well within the limits recommended by the International Commission on Non-Ionizing Radiation Protection and endorsed by the WHO, and the company works to ensure continued compliance of its products with these requirements. Nokia engages with its stakeholders and in public discussions on this topic as well as monitoring scientific studies.
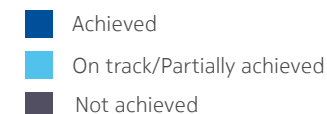
98% of the old telecoms equipment we collected was recycled or used as energy

5   2

93
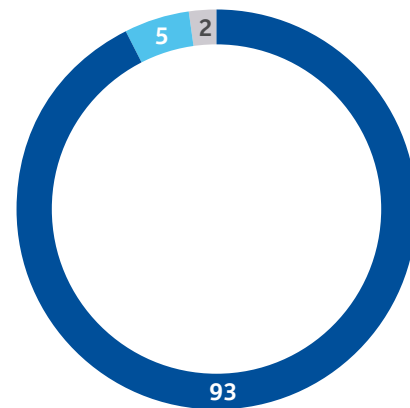
■ Recycled
■ Energy recovery
■ Landfill

~15 900

units refurbished

~1 713

tonnes of old telecoms equipment sent for material recovery

Target	Progress in 2014	Status in 2014	Future targets
Products			
We aim to improve the energy efficiency of our products in each main release.	We developed more than 20 enhancements for our Single RAN Advanced portfolio to decouple mobile broadband traffic growth from CO_2 emissions. (Zero CO_2 base station site offering, launched in March 2015).	■	We aim to ensure that every new product is at least 15% more energy efficient than the previous model.
We aim to work with our customers to help them reduce energy consumption of telecommunications networks through our innovative product solutions.	We had over 20 cases together with our customers related to smaller energy consumption of telecommunications networks through our innovative product solutions.	■	Ongoing
We aim to implement a methodology to measure product energy efficiency, following the European Telecommunications Standards Institute's standard.	All of our new radio product releases were measured according to the ETSI TS 102 706 standard to ensure they are comparable with similar products on the market.	■	Ongoing
Operations			
We aim to create a low emission company car fleet with average CO_2 emissions (g/km) below the market average.	Our new vehicles registered in Europe emit around 10g/km less CO_2 than the market average.*	■	We aim to further develop our low emission fleet and maintain the related emissions below the market average.
We aim to reach an average 3% reduction year-on-year for energy consumption in our own operations	We reduced the energy use in our buildings by 7% compared with 2013, exceeding the target.	■	We aim to reduce the electricity consumption at our factories by 2% per unit produced, compared to 2014.
We aim to reduce total greenhouse gas emissions from our facilities (Scope 1 and 2) compared to 2013.	We reached 6% reduction in total emissions from our facilities, compared to 2013.	■	We aim to continue reducing the total greenhouse gas emissions from our facilities (Scope 1 and 2) compared to 2014.
We aim to increase the use of renewable electricity in our operations to 50% in 2014.	We increased the use of renewable electricity and achieved 50% coverage through certificates, direct green electricity purchases and on-site generation.	■	We aim to maintain the share of renewable electricity at around 50% globally, depending on its availability at countries where we operate.
We aim to reduce CO_2 emissions from our IT operations and the use of IT products by 20% by 2015, compared to 2008.	At the end of 2014, we had cut the overall CO_2 emissions from IT by 17% compared to 2008.	■	Ongoing
We aim to reduce the amount of waste generated across our operations and increase recycling by improving facilities for collection and sorting, and encouraging employees to recycle more.	We cut the amount of waste sent to landfill by 200 tonnes and our waste utilization increased from 93% to 95%. We did not meet our waste reduction target as we generated a total of 6 300 tonnes of waste which is 2% more than 2013.	■	Ongoing
We aim to reduce the amount of water used in our operations.	We used a total of 504 000 m³ of water across our operations, which is 5% less than in 2013 despite the increased occupant numbers.	■	Ongoing

*source: JATO

Making change happen together

By partnering with others, we can make an even greater contribution to a more sustainable and socially responsible world. We drive improvements by working with suppliers, industry peers, universities and NGOs.

Engaging our stakeholders

We engage regularly with stakeholders through normal business practices. From a responsible business point of view, our most important stakeholders are employees, suppliers, and customers. We also rely on good relationships with our shareholders, governments and policymakers, universities, NGOs, and the wider community.

Listening to stakeholders and translating their expectations into business value is important to Nokia. This engagement means we are better informed about emerging issues and trends, and enables us to share our learnings with others for the greater good.

In 2014, we continued to conduct annual corporate responsibility reviews with our customers to better understand their needs.

Supporting customers' sustainability goals

In 2014, we continued to conduct annual corporate responsibility reviews with our customers to better understand their needs.

Key focus areas for customers in 2014 included responsible procurement and energy efficiency of telecommunications networks. We responded by increasing efforts to improve supply chain labor conditions through workshops and audits, by reporting our progress in tackling conflict minerals in accordance with the Dodd-Frank Act, and by enhancing the energy efficiency of our solutions.

We also used common industry platforms such as EcoVadis and CDP to increase transparency on our environmental and social management and performance as a supplier.

Cooperating with others in our industry

We regularly contribute to working groups and committees of various industry organizations that promote sustainability goals.

In 2014, Nokia was a member of:

- United Nations Global Compact

- Global e-Sustainability Initiative (board member)

- CDP

- The Telecommunications Industry Dialogue

- Climate Leadership Council

- Digital Europe

- Several standardization and University co-operation groups.

We participated in groups addressing topics such as freedom of expression and privacy, sustainable development of urban areas, and creating standards to measure environmental impacts.

Addressing freedom of expression and privacy

As a founding member of the Telecommunications Industry Dialogue, we continued to engage with this group of telecommunications operators and vendors to jointly address freedom of expression and privacy. Influenced by the UN Guiding Principles on Business and Human Rights, the Industry Dialogue has published Guiding Principles that specifically address the issues of privacy and freedom of expression as they relate to the telecommunications sector. These specifically explore the interaction and boundaries between a government's duty to protect human rights, and the corporate responsibility of telecommunications companies to respect these rights.

To promote best practice, participating companies share the challenges they face and the progress they have made in implementing the principles. In 2014, external stakeholders such as investors, government officials, members of civil society and academia, and other companies were invited to join roundtable discussions as part of the Industry Dialogue's quarterly meetings.

Nokia is committed to implementing the Industry Dialogue Guiding Principles in its business. In 2014, we published our first progress report on their implementation, and the latest progress is described on page 31 in this report. We also presented our

approach to due diligence in the Industry Dialogue's meetings with various audiences in London, Stockholm and Washington, and participated in the Stockholm Internet Forum and the UN Forum for Business and Human Rights in Geneva.

Find out more about the activities of the Industry Dialogue in 2014 in its annual report.

Addressing sustainable development of urban areas

HERE was active in the European Innovation Partnership for Smart Cities and Communities and led the Citizen Focus Priority Area. The company worked with diverse stakeholders – from the chemical sector to consultancies and regional governments – to define opportunities for collaboration that combine ICT, energy and transport management to create innovative solutions to the environmental, social and health challenges facing cities.

Creating standards to measure environmental impacts

Nokia Networks is partnering with others in the industry to develop a common framework for measuring environmental impacts, and create standards to identify potential improvements. In 2014, the company was actively involved in environmental standardization.

Since 2012, the company has been participating in OPERA-Net 2 – a project of the Celtic-Plus European ICT Cluster Research Initiative, part of the Eureka Network – which aims to work with standards bodies to develop a common approach for measuring the environmental impacts of network infrastructure. A key focus is on managing energy use related to thermal management. The results of this project are anticipated in 2015.

Nokia Networks also participate in European Commission pilot projects to test standards and develop new approaches for measuring impacts. The company has proposed a simplified approach that concentrates on energy and resource use across the product life cycle.

In 2014, we participated in groups addressing topics such as freedom of expression and privacy, sustainable development of urban areas, and creating standards to measure environmental impacts.

Collaboration with universities

We collaborate with leading universities and institutes worldwide to share ideas and resources, promote a strong culture of innovation, and support the commercialization of innovative solutions. Our work with academic institutions ranges from collaborative research to training programs and events that foster innovation.

Our collaborations focus on current and emerging topics relevant to different parts of our business. In addition, the Nokia Donations Program enhances collaboration among the world's leading experts from different organizations to promote scientific innovations that offer social benefits.

Nokia Networks' research with universities focuses on future radio technologies like 5G and millimeter wave (mmW), virtualization and cloud technologies, cognitive network management, environmental technologies and network reliability. In 2014, Nokia Networks ran the Brooklyn 5G Summit together with New York University, bringing together leading researchers in wireless and mobile technology from academia and business to explore the future of 5G wireless. It also engaged with universities to run seminars and exchange ideas on particular topics, such as the Nokia Networks Technology Vision 2020, and offered trainee positions that enable students to gain industry experience.

In 2014, HERE agreed on a cooperative relationship with the University of Applied Sciences at Potsdam (FHP) to fuel innovative new work in data visualisation. Funding from HERE aided the creation of the Urban Complexity Lab, which is an open, creative and innovative space devoted to data visualization for urban environments.

Nokia Technologies also deepened collaboration with universities through a series of events designed to accelerate the development of the Programmable World, where connected devices will be choreographed to respond to specific needs.

Our work with academic institutions ranges from collaborative research to training programs and events that foster innovation.

We collaborate with universities around the world

Country	University
Finland	• University of Helsinki • Aalto University • University of Oulu • University of Tampere • Tampere University of Technology
Denmark	• Aalborg University
UK	• University of Cambridge
Germany	• University of Munich • University of Augsburg • Technical University of Dresden • University of Applied Sciences at Potsdam
Hungary	• Budapest University of Technology and Economics
USA	• Berkeley and Massachusetts Institute of Technology • NYU WIRELESS at New York University • SRI International and University of California
China	• Shanghai Research Center for Wireless Communications

This table does not feature all universities we engage with.

Partnering with NGOs to build a better tomorrow

Through our corporate social responsibility programs, we work with NGOs to improve people's lives around the world. We target our support where we can make the greatest contribution using our core competencies in information and communications technologies (ICT).

In 2014, our projects with NGOs focused on promoting children's rights and empowering young people, supporting those affected by drought and natural disasters, and protecting the environment.

Promoting children's rights with Save the Children

In December 2014, we announced a three-year global partnership with Save the Children to promote the rights of children.

Beginning in January 2015 in Myanmar, the partnership aims to improve access to education and use technology to enhance learning. Together, we will also work to reduce the threat to children from natural disasters in Myanmar, building on our existing collaboration with Save the Children on this issue in India.

This new partnership is based on the Children's Rights and Business Principles established by the UN Global Compact, Save the Children and UNICEF in 2012. These 10 principles help companies incorporate child rights into their core strategies and take greater responsibility for the realization of children's rights. As part of our collaboration, Save the Children will provide recommendations on how Nokia can work with others to promote children's rights.

Empowering young people with Plan International

Since 2006, we have been working with Plan International to empower children and youth in developing countries through education and advocacy. The partnership has helped thousands of children in 14 countries across Africa to speak out on children's rights and bring about positive change.

We are supporting a program launched by Plan International in 2014 that aims to increase children's literacy skills in up to 300 schools across Kenya. The Open Space Literacy program provides access to quality learning content and improves teachers' capacity with enhanced teaching methods and ICT training. It will also engage communities in the management of local schools and advocate for quality education.

We target our support where we can make the greatest contribution using our core competencies in information and communications technologies (ICT).

Give children identity and connect them to learning

Improve youth employment opportunities

Create innovative solutions to urban challenges

Improve preparedness for natural disasters

Improved lives

The program is expected to reach approximately 67 500 pupils in grades 1-3. Once in full scale, the investment in infrastructure, teacher training and community involvement would also indirectly benefit a further 83 000 children in grades 4-8. In 2014, the program was piloted in two schools and extended to a further 23 schools in Nairobi. It will be scaled up to several more schools across Kenya in 2015 by project partners Plan International and SOS Children's Villages.

In Uganda, the project we have been supporting to improve school governance won the Plan International Global Award in 2014 for the most innovative use of technology and social media. Improving school governance helps ensure that children receive high-quality education as well as contributing to gender equality goals, lifelong learning opportunities, and adult literacy.

Improving lives with Oxfam

We partner with Oxfam to promote sustainable development. Together, we are piloting a web-based system to monitor water availability in drought-prone regions of Ethiopia and Kenya. This system offers real-time information to quickly identify early onset of drought, enabling response efforts to be mobilized before reaching crisis point.

In 2014, data was transmitted and analyzed from 44 water points to monitor water stress and water usage patterns on a daily basis across nine counties in Kenya and eight districts in Ethiopia. We also mapped the location of 1 000 wells. Around 2 million people will directly benefit from enhanced early warning systems for drought and more sustainable management of strategic water points in areas prone to chronic drought.

We also supported efforts to help fishermen and coconut farmers in the Philippines rebuild their livelihoods after typhoon Haiyan, and we launched a project that uses Nokia's navigation and mapping technologies to improve the efficiency of disaster relief efforts through an online platform for NGOs.

Protecting the environment with WWF

We have worked with nature conservation organization WWF for over a decade. The cooperation has focused on improving the environmental performance of our business, raising environmental awareness, and promoting sustainable development.

In 2014, the two head offices of our HERE business in Berlin and Chicago achieved the WWF Green Office label. Green Office recognizes our strong environmental management systems and efforts to reduce the impacts of our offices.

We also continued to support WWF's Living Himalayas initiative, which aims to protect the natural freshwater systems of the Eastern Himalayas.

Helping children, young people and families achieve their human potential through technology

We started working together with GlobalGiving UK to help children, young people and families in Ghana, Rwanda and Mexico achieve their human potential through technology.

In Ghana, we are helping 1 800 children living in rural communities to engage with technology for the first time through innovative, solar powered, mobile libraries.

In Rwanda, we are helping 20 young tech entrepreneurs through business training and investment funding to scale their enterprises - from mobile charging kiosks to climate tracking and code clubs for girls.

In Mexico, we are helping the most disadvantaged communities there to have access to quality education, employment and life skills through technology.

67 500
Number of pupils we expect to reach through The Open Space Literacy program with Plan.

1 000
Number of wells we mapped in Kenya and Ethiopia together with Oxfam.

44
Number of water points that transmitted and analyzed water usage patterns on a daily basis in Kenya and Ethiopia.

Driving improvements with our suppliers

In this chapter we refer to the supply chain of Nokia Networks.

We expect all of our suppliers to meet the high ethical, labor and environmental standards set out in our Supplier Requirements before we will work with them. We ensure compliance through regular and robust assessments, and work with suppliers to improve performance where needed.

Our supply chain
Our supply chain comprises three types of procurement: product (the materials that go into our products), services (that we use to create our offering to customers, including networks planning, installation and construction), and indirect (the goods and services we need to run our business, like cleaning and office equipment). Our manufacturing suppliers are located predominantly in Asia, but our services suppliers are located across the world, so our responsibility extends globally. Of our total spend, 80% is distributed among roughly 400 suppliers.

Setting high standards for responsible business conduct
We work closely with our suppliers to ensure they meet our Supplier Requirements, with a specific focus on high standards of human rights, health and safety and environment. Suppliers are also expected to have a code of conduct that demonstrates a commitment to

respecting human rights and ethical business conduct. Our Supplier Requirements form part of our contractual agreement with suppliers, and we encourage them to apply the same standards to their own suppliers, our sub-suppliers.

Driving improvements through supplier audits
We conduct in-depth audits of suppliers on labor conditions and environmental management to ensure compliance with our requirements, especially those categorized as high-risk. These assessments include document reviews, interviews with managers and employees, site visits, and inspections of facilities, production lines and warehouses.

In 2014, we conducted 155 supplier assessments and audits on corporate responsibility. We spent 104 auditor days conducting in-depth audits at 23 supplier sites in China, India, Iraq, Kenya, Myanmar and Saudi Arabia. We found 341 instances of non-compliance, of which 193 related to health and safety. Based on the findings, we made 493 recommendations for improvement, which are being addressed through corrective action plans (see examples on page 62).

In 2014, we conducted 155 supplier assessments and audits on corporate responsibility.

Findings from our in-depth audits

Category	Number of non-conformities identified	Number of potential risk areas identified	Total number of recommendations for improvement
Child labor (proof of age documents missing)	0	0	0
Forced labor (passports, contract agreement issues/fine/deduction etc)	7	0	7
Health and safety	132	61	193
Freedom of association and right to collective bargaining	1	1	2
Discrimination	7	3	10
Disciplinary practices	1	3	4
Working hours	11	4	15
Remuneration	51	18	69
Management systems	100	61	161
Environmental management system	31	1	32
Total	341	152	493

In addition to in-depth audits of high-risk suppliers on specific issues, sustainability criteria are included in our regular supplier performance evaluations. Suppliers that are new to Nokia or have significant changes in their operations are subject to system audits to check compliance with our requirements. During 2014, we continued to consolidate the number of suppliers we use globally, and as a result there were only 25 system audits of suppliers.

In contrast, we increased the number of suppliers assessed using the E-TASC supply chain management tool powered by EcoVadis. In 2014, we used this tool to assess 107 suppliers, bringing the total assessed since its introduction in 2013 to 133 suppliers, accounting for around 52% of our total spend. Where we identify instances of non-compliance, we invest in programs to help our suppliers improve.

Encouraging suppliers to set carbon reduction targets
Our suppliers, except those with very low environmental impacts, must have a documented environmental management system (EMS) in place. For key suppliers and those with greater impacts, it must be certified to ISO 14001, which we track through audits and assessments.

We encourage key suppliers to report their climate impacts and set carbon reduction

Number of supplier audits or assessments covering the corporate responsibility elements

Baseline	2007	2008	2009	2010	2011	2012	2013	2014	Total
In-Depth Audits focused on labour condition & environment	5	7	6	13	17	2	10	23	83
On-site System Audits (Supplier Requirements)	37	103	147	108	121	57	27	25	625
Supplier Corporate Responsibility Assessments (EcoVadis)							26	107	133

targets through the CDP Supply Chain Program, which helps us to plan improvement programs with our suppliers and improve reporting of our Scope 3 emissions.

In 2014, 141 of our key suppliers, representing 49% of our total procurement spend – an increase of 20 suppliers from 2013 - responded to the CDP's request to disclose information regarding their performance on climate impacts. Of these, 111 disclosed their carbon emissions, and 73 set reduction targets. The total saving of their carbon reduction initiatives was 6.3 million tonnes of CO_2 equivalent and around USD 379 million during the year.

In 2014, 64 of our product and services suppliers calculated Nokia's share of their emissions based on our procurement. This made up around 670 500 tonnes of CO_2e. By scaling up the calculated emissions to cover

all of our product and services suppliers, we estimated our product and services procurement related Scope 3 emissions to be approximately 2.7 million tonnes of CO_2e. We excluded those suppliers that are part of our more detailed data collection such as transportation and logistics suppliers. Due to the timing of the submissions made to the CDP, emissions data relates to calendar year 2013.

Tackling labor condition-related issues
Tackling labor condition-related issues is a key topic on our sustainability agenda with suppliers.

As health and safety is a particular risk for suppliers supporting our services business, we focused on ensuring and maintaining our high standards. We released a road safety standard for our suppliers, and also extended our health and safety consequence

management to high-risk suppliers in indirect sourcing categories such as facility management, travel & fleet and logistics. As part of our consequence management, we issued 23 warnings to suppliers for failing our health and safety requirements. Since we want to learn from every incident and raise our standards, we shared these learnings with suppliers, covering topics such as working on fragile surfaces or lifting and rigging.

Child labor
We do not engage in, nor support in any way, the use of child labor. This principle is embedded in our Code of Conduct, and further enforced by our Global Labor Standards guideline and supplier requirements, which set out guiding principles fully in accordance with recognized international labor standards. We expect our suppliers to meet the same high standards we set for ourselves.

In 2014, we addressed three suspected child labor cases in our second tier suppliers. After thorough investigations, in two of the cases the employees in question were not children but young workers, which we define in our supplier requirements as employees exceeding the minimum age of 15 or the minimum legal age of employment whichever is higher, consistent with ILO Convention 138 and Recommendation 146 on Minimum Age. In one case, a Nokia supervisor identified four children aged 13-14 entering our construction area with the intention of performing work on behalf of a second tier sub-contractor. That supervisor took immediate action and ensured that the children were not allowed to start the planned work. In addition, remedial actions were put in place with the direct supplier in question, as they had contracted work to the second-tier supplier without the appropriate approvals and processes in place. Further work with the second-tier supplier was immediately discontinued by our direct supplier.

While the children did not end up working at our site, we recognized that there was increased risk related to child labor in the country where the incident took place. Given this, we conducted in-depth labor condition audits with our suppliers in the country, increased site supervision, and organized a workshop with suppliers where we

addressed child labor risks and other labor condition and human rights topics. We also asked Save the Children to assess Nokia's relevant policies and processes, and, give recommendations on how to better integrate children's rights into our business principles and practices.

Forced or compulsory labor

We have zero tolerance for forced labor. In our Supplier Requirements, we demand that upon employment, individuals shall be provided with a work contract/agreement/ offer letter, have basic induction training and not be required to give financial deposits or original identity documents. Forced labor must not be used. Employees shall be free to leave the company after giving reasonable notice. Suppliers shall ensure that exit procedures are compliant with local legislation, international labor standards and applicable collective agreements.

In 2014, we found seven instances related to forced labor as part of our Corporate Responsibility audits. Most of them were issues related to worker contracts: For example, a supplier didn't have written working contracts in place with its employees, a contract agreement stated that employees may be asked to work overtime without compensation, and a small amount of contracts were found to be binding for a longer period through fines

imposed by management if the employee left the company before the contract ended. There were also two instances where worker passports were collected and kept with the employer. All of the instances were followed up with a request for immediate corrective action, and we are working with the suppliers to ensure such cases do not happen again. Read more about our corrective action plans on page 62.

Freedom of association and collective bargaining

Our suppliers shall respect, and not obstruct or discourage in any way, the right of all employees to seek to form or join their own organizations and to bargain collectively. In cases where this is restricted by law, we facilitate parallel means to ensure that individuals or groups are able to raise concerns to the attention of the management. We usually look at freedom of association as part of the broader topic of Worker-Management Communication during our corporate responsibility audits. In addition, we have been involved in the development of training materials on Worker Management Communication as part of our collaboration in the EICC-GeSI Learning and Capability Building working group.

In 2014, we addressed one worker union issue where one our manufacturing suppliers of was alleged to have illegally dismissed

union officials. We pursued the case until a collective bargaining agreement was signed and the majority of the union officials were reinstated.

Countries where risks related to child labor, forced or compulsory labor, and freedom of association occur.

- ■ Extreme
- ■ High
- ■ Medium
- ■ Low
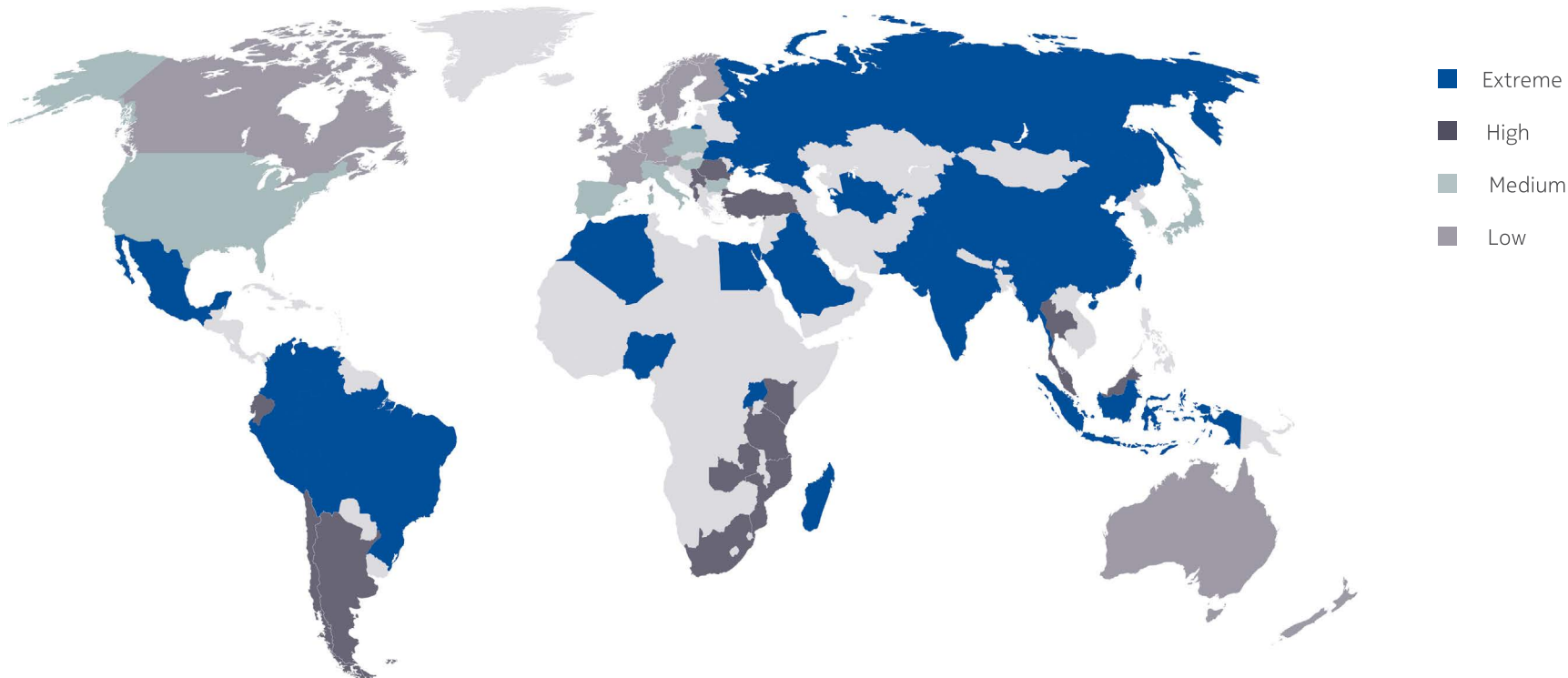
This map includes three parameters: child labor, forced labor and freedom of association, and it was created based on Maplecroft's Global Risks Portfolio. The map covers countries where we have significant business with suppliers but it might not cover all countries where our suppliers operate.

Some examples from our corrective action plan

Non-conformity identified	Our recommendation for improvement	Action taken
Employees can only take 12 days paid leave a year.	We recommended to our supplier to provide paid leave that fulfills the country's legal requirement of 16 days a year.	Supplier amended and approved the leave policy change to 16 days a year. The change was communicated to employees by email and updated in the company's HR induction module as well as in the online Employee management tool.
Foreign employees have two contract agreements which are inconsistent with one another. The agreement signed in the employee's home country includes a benefit of free food and accommodation, and a free return ticket once the contract ends. The other contract, signed in the country where the work takes place, includes a term of deduction for food and accommodation. The latter contract is in use.	We recommended to our supplier to ensure that employees get the benefits they were promised in their home country.	To comply with the local law, the supplier has a contract in the employee's home country for the purpose of the visa, and another in the country where the work takes place so that the actual term of employment is the same for all employees.

To ensure that foreign employees earn the amount they were promised in their home country, the supplier added the amount deducted to their salary. To cover the cost of foreign employees' return ticket, the supplier started paying a monthly allowance. |
None of the employees are certified in first aid procedure.	We recommended to our supplier to provide first aid training to an adequate number of employees and ensure that at least one employee with certified first aid competencies is present in every project or office.	Supplier nominated an employee responsible for first aid in teams, and provided training.
The rigger is provided with only a safety belt instead of full body harness.	We asked our supplier to provide a full body harness.	Supplier purchased adequate number of full body harnesses and provided training on how to use them.
Contract agreement with the supplier does not include obligation for their suppliers to adhere to ethical requirements.	We asked our supplier to ensure that the contract terms with their suppliers include a clause obliging the sub-suppliers to adhere to ethical requirements.	Supplier amended and implemented the contract clause with a clause that the supplier shall adhere to ethical requirements.
Supplier made financial deductions from its employees as a disciplinary procedure.	We recommended that our supplier review its disciplinary practices and establish a disciplinary procedure based on a warnings system rather than financial deductions.	Supplier reviewed its procedures and implemented a warning system.

Tackling conflict minerals

Electronic components contain many different metals, which can include tantalum, tin, tungsten and gold ('3TG'). We are concerned about the potential that the mining and trade of the minerals that these metals are extracted from is fueling military conflict, related human rights violations and environmental degradation.

We work to find a sustainable solution to the issue of these 'conflict minerals' to ensure responsible and conflict-free sourcing through legitimate trade and positive development in the affected regions.

Our suppliers must commit to sourcing these materials from environmentally and socially responsible sources only. Materials which 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 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.

To improve data quality and completeness of information following our conflict

minerals inquiry last year, we conducted two sets of conflict minerals inquiries with our suppliers in 2014. We raised awareness through webinars, collected conflict minerals reporting templates, provided detailed feedback for suppliers on their performance and requested corrective actions. We also reached out to smelters that were not yet conflict free, to encourage them to undergo the Conflict-Free Smelter Programme Audit to ensure their conflict-free status.

In 2014, we published our first conflict minerals report which provides further information on our due diligence activities. The results of our due diligence process in 2014 will be published in our second Conflict Minerals Report, which will be available on our website in June 2015.

Working with suppliers to improve performance

To improve our suppliers' capacity to meet our standards, we run web-based training workshops for suppliers operating in high-risk countries. These sessions usually include topics such as labor conditions, climate change and due diligence on conflict minerals.

In 2014, we organized webinars on climate change, conflict minerals and corporate responsibility, involving a total of 128 suppliers. We also held face to face training workshops for 55 suppliers in Iraq, Kenya, Myanmar and Saudi Arabia. During these

sessions we focused on health and safety, as well as labor and environmental risks.

We train our procurement teams on sustainability topics to help them communicate our requirements to suppliers, and identify potential sustainability risks. All procurement staff must complete Nokia's annual ethical business training, and 99% completed this in 2014. In addition, we offered our Procurement Staff web-based trainings on corporate responsibility in procurement, and health and safety in services procurement.

Training workshops for suppliers operating in high-risk countries

	2011	2012	2013	2014
Number of suppliers participating in Nokia sustainability workshops and webinars	76	105	122	183
Number of management level supplier workers participating in Nokia sustainability workshops and webinars	115	133	183	256

Target	Progress in 2014	Status in 2014	Future targets	Target date
Work with suppliers to ensure all open audit findings are addressed, and perform 20 new in-depth audits.	We conducted 23 in-depth audits. All open audits from previous year were addressed, although 3 remain open.	■	Work with suppliers to ensure all open audit findings conducted in 2014 and before are addressed, and perform 30 new audits.	End of 2015
Increase the number of suppliers reporting their energy use and greenhouse gas emissions via the CDP to 150.	The number of suppliers reporting their energy use and greenhouse gas emissions via the CDP increased from 121 to 141.	■	Increase the number of suppliers reporting their energy use and greenhouse gas emissions via the CDP to 170.	End of 2015
Continue to engage with and train suppliers on sustainability issues through workshops and webinars.	We conducted four workshops in high risk countries, and six webinars.	■	Continue to engage with and train suppliers on sustainability issues through workshops and webinars.	End of 2015
Increase the number of suppliers using the EcoVadis supply chain management tool to cover 50% of our supplier spend.	We assessed suppliers accounting for 52% of spend	■	Increase the number of suppliers using the EcoVadis supply chain management tool to cover 70% of our supplier spend.	End of 2015
Roll out health and safety consequence management systems in further markets.	We rolled out these systems through face to face workshops, and extended them to cover indirect procurement.	■	Roll out health and safety qualification tracking for all active suppliers	End of 2015
Continue working to ensure our products are conflict free.	The quality of supplier responses improved and number of smelters that are now known and certified has increased.	■	Continue working to ensure our products are conflict free.	End of 2017
			Continue to encourage our top 100 suppliers to set emissions reduction targets by 2016.	End of 2016

■ Achieved

■ On track/Partially achieved

■ Not achieved

Independent
Assurance Report

Independent Assurance Report

To the Management of Nokia Corporation

We have been engaged by the Management of Nokia Corporation (hereinafter also the Company) to perform a limited assurance engagement on selected Nokia Corporation's sustainability information for the reporting period 1 January 2014 to 31 December 2014 included in Nokia Corporation's People & Planet Report 2014, as disclosed on the Company's website (hereinafter the "Selected sustainability information").

Selected sustainability information
The Selected sustainability information consists of the following performance indicators.

Environmental indicators:

- Facility related Scope 1 greenhouse gas (GHG) emissions (tonnes CO_2e)

- Scope 2 GHG emissions, gross and net (tonnes CO_2)

- Scope 3 GHG emissions: air travel (tonnes CO_2)

- Scope 3 GHG emissions: external data centers (tonnes CO_2)

- Scope 3 GHG emissions: product use-time (tonnes CO_2)

- Total energy use within Nokia (GWh)

- Renewable electricity amount (GWh) and portion of total electricity consumption (%)

- Product use-time energy consumption (GWh)

- Water withdrawal in facilities (m3) and recycling (%)

- Waste amounts (tonnes) and treatment.

Social indicators:

- Number of lost-time incidents of employees

- Number of employee fatalities

- Number of contractor and subcontractor fatalities

- Amount of training days provided by Academy and Average number of training hours per employee by Academy

- Percentage of employees who have completed online training on ethical business conduct

- Yearly employee attrition of voluntary leavers (%)

- Number of nationalities and share of non-Finnish within senior management (%)

- Share of women within senior management (%)

- Number of nationalities employed

- Progress in implementing the Guiding Principles of the Telecommunications Industry Dialogue (ID).

Supplier indicators:

- Number of system audits against Nokia Supplier Requirements

- Number of in-depth audits (focused on labor conditions and environment) against Nokia Supplier Requirements

- Number of suppliers assessed on Corporate Responsibility in EcoVadis Sustainable Supply Management platform

- Number of suppliers assessed on their climate change impact based on their CDP reporting for Nokia.

Management's responsibility

The Management of Nokia Corporation is responsible for preparing the Selected sustainability information in accordance with the reporting criteria as set out in the Company's reporting instructions and GHG Protocol (hereinafter the "Reporting criteria").

Practitioner's responsibility

Our responsibility is to express a conclusion on the Selected sustainability information based on our work performed. Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Nokia Corporation for our work, for this report, or for the conclusions that we have reached.

We have not been engaged to provide assurance on the Selected sustainability information with respect to prior reporting periods.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the

Selected sustainability information has not been prepared, in all material respects, in accordance with the Reporting criteria.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Selected sustainability information. The procedures selected depend on the practitioner's judgement, including an assessment of the risks of material misstatement of the Selected sustainability information. Our work consisted of, amongst others, the following procedures:

- Interviewing relevant management of the Company.

- Interviewing employees responsible for collecting and reporting the Selected sustainability information.

- Testing the accuracy and completeness of the Selected sustainability information from original documents and systems on a sample basis.

- Testing the consolidation of the Selected sustainability information and performing recalculations on a sample basis.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that Nokia Corporation's Selected sustainability information has not been prepared, in all material respects, in accordance with the Reporting criteria. When reading our assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Helsinki, 29 April 2015

PricewaterhouseCoopers Oy

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Nokia sustainability data

These figures cover Nokia Networks 2011-2014 data and Nokia Group data for Continuing operations for 2014. Nokia Networks was formerly known as the NSN business, which began operations as Nokia Siemens Networks on April 1, 2007 following a merger of the networks business of Nokia and the carrier-related operations of Siemens AG for fixed and mobile networks. Since August 7, 2013 the business has been wholly owned by the Nokia Corporation and is now operating under the Nokia brand. Nokia Group numbers cover our three businesses: Nokia Networks, HERE and Nokia Technologies (jointly, "Continuing operations").

In 2014, Nokia Networks represents majority of the Continuing operations (88% net sales, 89% of year-end employees). Group numbers do not include Discontinued operations (formerly Devices & Services business), which was part of the Nokia Group until its sale on April 25, 2014. We report, however, some key environmental and financial data from Discontinued operations in a separate **table**.

For longer term historical development, please see previous NSN and Nokia sustainability reports on www.nokia.com/people&planet.
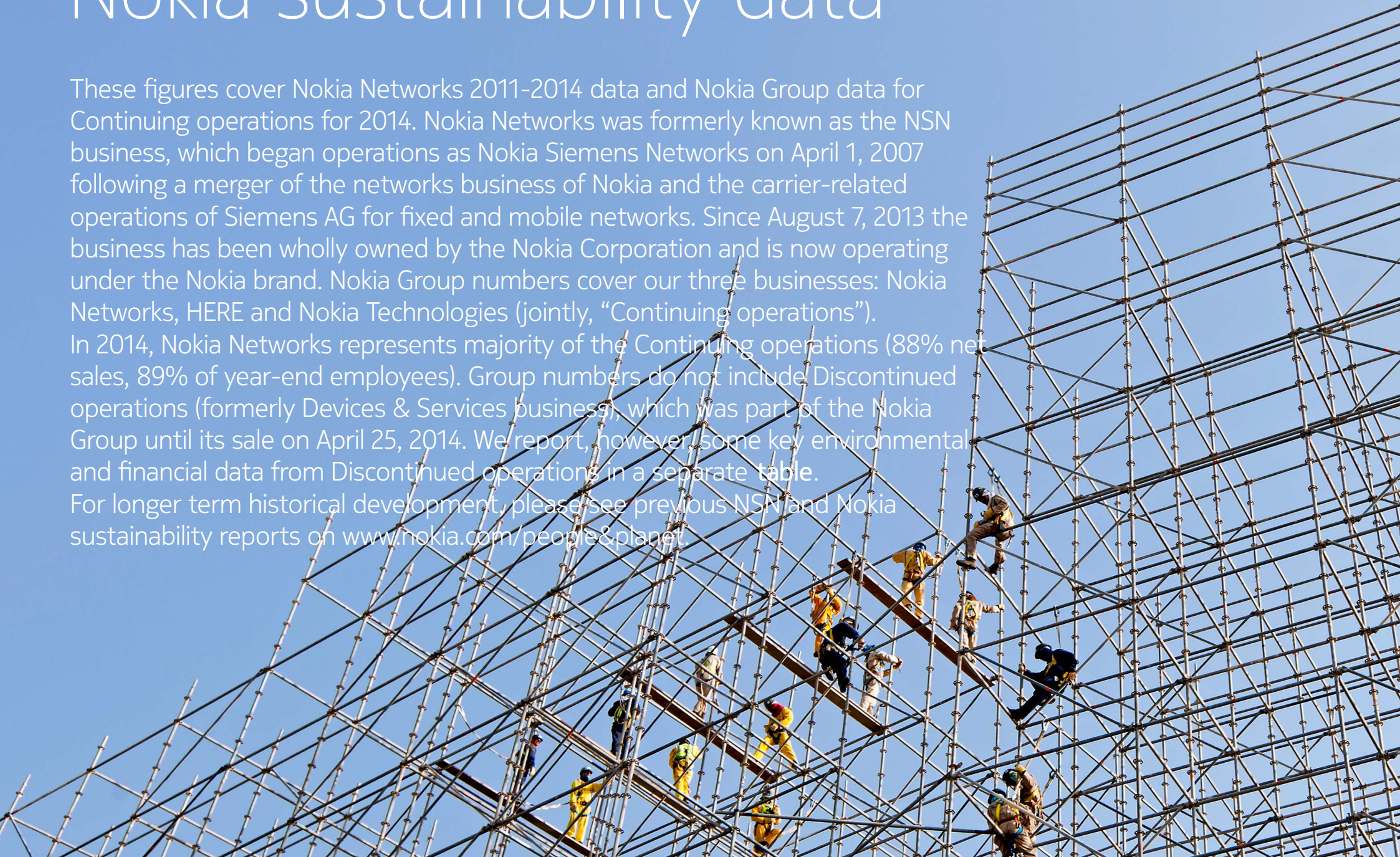
ENVIRONMENTAL DATA	Nokia Networks				Nokia Group (Continuing operations)
	2011	**2012**	**2013**	**2014**	**2014**
Greenhouse Gas Emissions (metric tonnes) [1]					
GHG Scope 1 (direct emissions from facilities and car fleet (fleet data only 2014 for HERE) (CO_2e)	**6 600**	**4 600**	**17 700**	**7 800**	**10 500**
Direct CO_2 emissions from facilities, total	6 600	4 600	5 100	4 300	4 900
Hydro-Fluoro-Carbon (HFC) (as CO_2e)	n/a	n/a	12 600	3 500	3 800
CH_4 from facility energy use (as CO_2e)	0,07	0,08	0,09	0,08	0,09
N_2O from facility energy use (as CO_2e)	0,20	0,31	0,26	0,21	0,22
CO_2 emissions from car fleet [2]	n/a	n/a	n/a	n/a	1 800
GHG Scope 2 (Purchased electricity and heat), net amount [3] (CO_2)	**204 100**	**216 700**	**168 300**	**166 800**	**188 100**
Indirect CO_2 from facilities, gross amount	264 400	274 000	241 700	230 600	260 700
CO_2 avoided due to purchased renewable energy (tonnes)	60 300	57 300	73 400	63 800	72 600
GHG Scope 3 (covering relevant and non-relevant, but easily available categories)					
CO_2e emissions from purchased goods and services [4]	n/a	n/a	n/a	2 700 000	n/a
CO_2 emissions from external data centers [5]	2 400	2 300	2 100	700	n/a
CO_2 emissions from upstream transportation and distribution [6]	n/a	n/a	105 000	199 500	n/a
CO_2 emissions from business air travel [7]	80 300	52 600	53 000	62 000	72 300
CO_2 emissions from Upstream leased assets [8]	n/a	n/a	n/a	33 300	n/a
CO_2 emissions from use of sold products [9]	13 280 000	17 275 000	16 225 000	25 481 000	n/a
Biologically sequestered carbon [10]	**0**	**0**	**0**	**0**	**0**

ENVIRONMENTAL DATA	Nokia Networks				Nokia Group (Continuing operations)
	2011	**2012**	**2013**	**2014**	**2014**
Other air emissions					
Emissions of Ozone Depleting Substances (ODS), as ODP (tonnes) [11]	0,04	0,04	0,08	0,03	0,03
Energy consumption (1 GWh = 3 600 GJ)					
Energy consumption within Nokia					
Purchased electricity, total (GWh)	521	497	458	425	460
District heating, total (GWh)	34	32	23	21	24
Chilled water, total (GWh)	0	0	2	1	1
Fossil gas, total (GWh)	20	24	24	21	26
Biogas, total (GWh)	0	0	0	0	5
Oil, total (GWh)	<1	1	<1	<1	<1
Energy, total (GWh)	**575**	**554**	**508**	**468**	**517**
Direct energy, total (GWh)	20	25	25	21	32
Indirect energy, total (GWh)	555	529	483	447	485
Renewable energy (GWh) [12]	205	193	204	213	231
Renewable electricity share of total electricity(%) [12]	40%	39%	45%	50%	50%
Energy consumption outside of Nokia					
Energy consumption of the sold products (GWh) [9]	24 780	32 230	30 270	47 540	n/a

ENVIRONMENTAL DATA

ENVIRONMENTAL DATA	Nokia Networks				Nokia Group (Continuing operations)
	2011	**2012**	**2013**	**2014**	**2014**
Water (within Nokia)					
Water withdrawal total (thousands m3)	**597**	**597**	**532**	**504**	**591**
Water withdrawal by source (%) [13]					
Municipal water supply	n/a	n/a	n/a	100%	97%
Ground water	n/a	n/a	n/a	0%	3%
Recycled/reused water (thousands m3) [14]	**n/a**	**15**	**11**	**11**	**24**
Recycling/reuse % of total withdrawal	**n/a**	**3%**	**2%**	**2%**	**4%**
Waste and recycling					
Waste and recycling within Nokia [18]					
Total (metric tonnes)	**8 200**	**7 100**	**6 200**	**6 300**	**6 900**
Reuse	1 000	1 100	800	700	700
Recycle	4 600	4 200	4 300	4 400	4 700
Energy recovery	1 000	1 000	600	900	1 100
Landfill	1 600	800	500	300	400
Utilisation rate % [19]	**81%**	**89%**	**93%**	**95%**	**94%**
Non-hazardous waste [20]	**7 800**	**6 800**	**6 000**	**6 100**	**6 700**
Hazardous waste	**400**	**300**	**200**	**200**	**200**
Product end-of-life treatment (metric tonnes)					
Weight of equipment returned from customers for recycling	n/a	5 309	3 537	1 713	n/a
Weight of equipment returned from customers incinerated with energy recovery	n/a	532	148	85	n/a
Weight of equipment returned from customers sent to landfill	n/a	68	45	37	n/a
Number of returned equipment items reused/remanufactured	n/a	53 734	38 410	15 901	n/a
Weight of packaging materials reused in distribution hubs (metric tonnes)	**4 078**	**3 662**	**3 597**	**2 392**	**n/a**

SOCIAL AND ETHICS DATA	Nokia Networks				Nokia Group (Continuing operations)
	2011	**2012**	**2013**	**2014**	**2014**
Employment					
Number of employees [21]	73 529	58 411	48 628	54 586	61 656
Number of new employees	17 228	6 757	6 270	9 839	11 302
Rate of new employee hires, % [22]	24%	11%	12%	19%	21%
Total number of leavers	10 534	18 584	16 278	4 939	5 934
Number of voluntary leavers	6 919	8 341	3 737	2 989	3 714
Attrition rate of voluntary leavers [22]	10%	10%	8%	6%	7%
Attrition rate due to involuntary leavers [22]	n/a	14%	18%	3%	3%
Share of employees with full-time contract	n/a	n/a	n/a	98%	98%
Share of employees with permanent contracts	n/a	n/a	n/a	95%	95%
Retention rates of employees who took parental leave [23]	n/a	n/a	n/a	95%	94%
Training & Education					
Amount of training days provided by Academy [24]	118 600	106 800	124 600	194 300	n/a
Average number of training hours per employee by Academy	10	14	19	27	n/a
Percentage of employees with Personal Development Plan (PDP) in place	n/a	36%	68%	78%	n/a
Percentage of employees that completed a performance evaluation	n/a	n/a	84%	99%	99%

SOCIAL AND ETHICS DATA	Nokia Networks				Nokia Group (Continuing operations)
	2011	2012	2013	2014	2014
Diversity & Equal Opportunity					
Share of women within workforce	n/a	19%	20%	20%	21%
Share of female line managers (with one or more subordinates)	n/a	13%	15%	15%	16%
Share of women within senior management	n/a	13%	13%	14%	13%
Share of women on the executive management board	n/a	n/a	n/a	n/a	0%
Share of women in the board of directors	n/a	n/a	n/a	n/a	22%
Number of nationalities within workforce [25]	n/a	n/a	n/a	130	130
Number of nationalities within senior management [25]	n/a	n/a	n/a	38	38
Number of nationalities in the executive management board	n/a	n/a	n/a	n/a	5
Share of non-Finnish employees within senior management [25]	n/a	n/a	n/a	76%	72%
Share of non-Finnish in the executive management board	n/a	n/a	n/a	n/a	80%
Workplace Relations & Employee Engagement					
Share of employees responding to the engagement survey	84%	87%	93%	96%	94%
Employee Engagement Index score	70	73	82	86	86
Occupational Health & Safety [26]					
Near miss incidents reported	55	141	636	630	n/a
Lost-time incidents of employees	160	101	57	56	n/a
Employee work related fatalities	4	2	0	0	0
Contractor and sub-contractor work related fatalities	9	10	2	8	n/a

SOCIAL AND ETHICS DATA	Nokia Networks				Nokia Group (Continuing operations)
	2011	**2012**	**2013**	**2014**	**2014**
Ethics					
Number of concerns reported through the ethics email and the anonymous reporting channel	302	160	205	190	n/a
Number of concerns reported directly to regional compliance counsel	104	114	85	82	n/a
Number of investigations by the Ethics & Compliance Office	112	139	192	152	n/a
Number of employees dismissed on grounds of a violation of the code of conduct	40	28	26	22	n/a
Number of employees given a written warning on grounds of violation of Code of Conduct	30	31	16	7	n/a

FINANCIAL DATA (EUR million)					
Net sales	14 041	13 779	11 282	11 198	12 732
Operating profit 27	-300	-795	420	1 210	170
Spending in R&D	2 185	2 046	1 822	1 786	2 493

Notes

We have most data available for Nokia Networks, which represents majority of the Nokia Group's Continuing operations (88% net sales, 89% of year-end employees). n/a means we do not have data available for that particular year or scope. Metrics related to Board of directors and Executive management board are applicable only on Group level and hence in these metrics n/a for Nokia Networks means not applicable. Facility related data is typically (but not as a strict rule) from sites over 3 000 m^2, covering at least 80% of total facility net internal area. (86% in 2014). The excluded "small sites" are typically multi-tenant buildings where energy, water and waste consumption fees are covered in the rent. Emissions data from excluded sites has been estimated based on Nokia averages and reported under "Scope 3, Upstream leased assets". Some facilities' November and December consumption has been estimated as the invoices detailing actual usage remained outstanding at the time of reporting. Due to these estimations, 2013 energy and greenhouse gas figures are slightly updated from values published in 2013 NSN report.

1

Our approach to measuring greenhouse gas emissions follows the Greenhouse Gas (GHG) Protocol (www.ghgprotocol.org) developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The GHG Protocol

defines three scopes of CO_2 emissions:

- Scope 1 - direct emissions, from sources owned or controlled by the company

- Scope 2 - indirect emissions, from the consumption of purchased electricity, heat, and/or steam.

- Scope 3 - indirect emissions, as a consequence of the activities of the company, but from sources not owned or controlled by the company.

Organisational boundaries

We use the "operational control" approach (instead of equity share approach), which means we include entities based on whether we can introduce and implement operating policies rather than on the basis of financial control or economic interest. Our Scope 1 and 2 and selected Scope 3 GHG measurements have been assured by a third party since 2003 and assurance will continue on an annual basis. Read our assurance statement (page 65).

Scope 1 emissions

Direct CO_2e emissions from Nokia facilities include emissions from gas and oil usage in Nokia facilities and hydrofluorocarbon (HFC) emissions. Emissions are calculated by using the values embedded in WRI/WBCSD GHG Protocol Initiative calculation tool: "Calculation Tool for Direct Emissions

from Stationary Combustion, version 4.0", by using Lower heating values. The effect of greenhouse gases methane (CH_4) and nitrous oxide (N_2O)produced during burning process are listed in the table as CO_2e (combined CH_4 and N_2O effect being 0.3% of direct CO_2e emissions from fuels used in stationary combustion). HFCs are refrigerants and emissions are minor fugitive emissions from facilities' cooling systems. Nokia uses also some HCFCs as refrigerants, but they are not included in the inventory because they are not covered by the Kyoto Protocol. These refrigerants are included in the published Ozone Depleting Potential figure. Out of Kyoto protocol greenhouse gases perfluorocarbons (PFCs) and sulphur hexafluoride (SF6) are not applicable for Nokia.

Scope 2 emissions

Indirect CO_2e (Scope 2 emissions) include emissions from purchased electricity, district heating and cooling with chilled water. For USA latest EPA eGrid factors are used, "eGrid 2012, year 2009 summary tables" for 2014 and for all other countries emissions are calculated by using Internal Energy Agency's (IEA) country-level emission factors. For 2011-2013 electricity and district heating used the same emission factor ("EF for purchased electrity and heat") and for 2014 separate IEA statistics were used for "Grid Electricity Generated - Average Load (Annual) (Direct)" and "heat consumed" for

district heating and chilled water, as latest IEA statistics (published 2013) did not have a combined value. Prior to 2014, chilled water emission factor is based on guidance from U.S. Department of Energy Energy Information Administration Form EIA-1605, Appendix N. Emission Factors for Steam and Chilled/Hot Water. Despite delay on IEA country statistics/EPA eGrid statistics, data from previous years has not been updated with new factors. The latest version of the IEA publication has been used, for example using 2011 statistics for 2014. As CO_2 typically represents over 99% of the GHG emissions in electricity and heat production, IEA indirect emission factors include CO_2 only. EPA factors are for CO_2e.

2

2014 calculation of the emissions from cars is based on using the make and model of the vehicle, distance driven and carbon output per vehicle as tabulated by the EPA. (http://www.epa.gov/greenvehicles/find/index.htm) Nokia Networks started fleet data tracking in late 2014 and is ready to report externally in 2015.

3

Net and gross indirect CO_2 emissions: Gross emissions are emissions from purchased electricity and heat calculated with IEA (Internal Energy Agency) country emission factors and in USA with eGRID emission factors. Net emissions are gross emissions

reduced with CO_2 avoided due to purchase of renewable electricity (certificates). Onsite renewable electricity also reduces gross emissions.

4

Emissions from purchased goods and services: emissions are reported based on data collected with CDP Climate Survey from Nokia Network's biggest suppliers, representing around 25% of total purchase spend. Collected data is then multiplied to cover 100% of spend. Around 75% of suppliers' emissions allocated for Nokia are suppliers' Scope 1 and 2 emissions, and 25% are suppliers' Scope 3 emissions, so data partly covers emissions beyond Tier 1. Suppliers providing transportation services are excluded as "emissions from transportation and distribution" are reported in a separate Scope 3 category. Some suppliers provide both "purchased goods", and "capital goods" and for simplicity all their emissions are reported under purchased goods. 2014 disclosure is based on latest CDP data representing suppliers' year 2013 emissions.

5

CO_2 emissions from external data centers: data is a subset of "emissions from purchased services and goods" and based on actual energy data collected from external data center service providers and IEA country emission factors (2011 emission factors used

for 2014 data, average 2005-2009 emission factor for 2011-2013 calculations).

6

Upstream CO_2 emissions from transportation and distribution: Numbers include emissions from inbound and outbound logistics. Data is based on the top 5 logistics supply partners (LSP) delivery data (tonne-km) and transportation mode. Similar CO_2 emission factors are used across the LSPs. The increase in emissions between 2013-2014 was due to increased deliveries, which led to increased share of air freight during peak times.

7

CO_2 emissions from business air travel: Nokia Group's air travel reporting has been consolidated in 2014. The emissions figure has been extrapolated to cover 100% of Nokia Group data, based on data collected from over 95% of Nokia Networks and 99% of HERE and TECH air travel. The figure includes travel by externals in cases where travel cost is covered by Nokia and bookings made through Nokia's designated travel agencies. Emissions have been calculated with GHG Protocol emission factors taking into account flight length and different emission factors for long/medium/short hauls and cabin classes.

8

CO_2 emissions from upstream leased

assets: Emission data from "small leased sites" has been estimated based on Nokia average consumption per m^2. These sites are typically multi-tenant buildings where energy management service and fees are covered in the rent.

9

CO_2 emissions from use of sold products: 2013-2014 emissions are based on energy consumption of high-energy consuming products, representing over 80% of volume item deliveries. In 2014 use-time energy measurements are according to ETSi-TS 102706 for over 50% of included items. Emission factor is the IEA global emission average (year 2011 value published in 2013) for 2011-2014 value. We call this category typically "product use-phase emissions".

10

Biologically sequestered carbon (i.e. carbon dioxide emission from burning biomass/ biofuels) and emissions from fermentation are not relevant for Nokia as we do not burn or ferment biomass or biofuels on-site. We use biogas in fuel cells in one of our offices

11

Nokia uses no Ozone Depleting Substances (ODS) in its products or production. The reported ODS figures are due to minor leakage of ODS contained in cooling systems in facilities. Annual emissions vary due to changing annual maintenance needs. ODP

(Ozone Depleting Potential) = emission in kg of CFC-11 equivalent.

12

Renewable ("green") electricity covers different tracking instruments. Over years, most widely used have been RES-E Guarantee of Origin certificates in Europe and Green-e RECS certificates in USA. In addition Nokia has purchased smaller amounts of supplier specific instruments and generated on-site renewable energy.

13

Water withdrawal is reported according to Global Reporting Initiative (GRI) definitions.

14

Recycled/reused water amount includes water recycled both for sanitary purposes and for irrigation.

18

Accuracy of waste data is not as high as with energy and water, as waste vendors often report amounts based on number of waste bins emptied and average weight for waste type, instead of weighing each container. In factories and biggest offices most of the reporting is based on actual weighed amounts.

19

Utilised waste includes waste that has been either reused, recycled or energy from it has

been utilized. Remaining waste has been either sent to landfill or incinerated without energy recovery. Composting of biowaste is recorded under recycling.

20

The definitions for what is reported under hazardous and non-hazardous waste have been done on global level to keep simplicity in corporate reporting. E.g. all discarded batteries and electric and electronical waste (WEEE) are reported globally under hazardous waste, although only different sub-categories of WEEE are defined hazardous in different countries. The actual waste treatment is always done according to local legal requirements.

21

Year-end headcount as published in financial reporting. Year 2014 Nokia Networks value 54 760 if also including Group Common Functions.Year-end headcount includes employees from SAC Wireless acquired by Nokia Networks in August 2014, but these employees are not included in the other social indicators presented in the table.

22

Hiring and attrition rates are calculated against average permanent headcount.

23

Parental leave statistics excluding HERE.

24

Academy is providing training for Nokia Networks employees and in 2014 Group Common Functions. Training provided for externals is not included in the numbers. One training day includes seven training hours. We are not currently not able to track training days taken outside Academy offering.

25

Nokia Group values for number of nationalities and share of non-Finnish employees are excluding HERE.

26

Cut-off day for incidents reporting is 12th January. There can be some cases, especially from contractors, reported after the cut-off.

As additional country-specific information:in 2014 in Finland, we had 14% less diagnosed sick leave per employee, compared with 2013. That was an estimated saving of EUR 1.9 million.

27

Includes HERE goodwill impairment charge of EUR 1 209 million in 2014.

Key economic and environmental data - Nokia Group (Including Discontinued operations)

These figures cover key Nokia Group sustainability data 2011-2014. In September 2013, Nokia announced the sale of substantially all of its Devices & Services business to Microsoft. Subsequent to the approval for the sale received in the Extraordinary General Meeting in November 2013, Nokia Group has presented Devices and Services as discontinued operations, including those items outside of the scope of the transaction; specifically, discontinued manufacturing facilities located in Chennai, India and Masan, Republic of Korea. The sale was completed on April 25, 2014.

This report covers the last four years – for longer term historical records please see Nokia's previous reports at www.nokia.com/people&planet.

ECONOMIC KEY DATA

	2014			2013			2012	2011
	Continuing Operations	Discontinued Operations	Nokia Group	Continuing Operations	Discontinued Operations	Nokia Group	Nokia Group	Nokia Group [1]
Net sales, EUR million [2]	12 732	2 458	15 189	12 709	10 735	23 444	30 552	39 059
Operating profit/loss, EUR million [2]	170	2 639	n/a	519	-590	-71	-2 299	-1 072
Research & development, EUR million [2]	2 493	354	n/a	2 619	1 130	3 749	4 739	5 545
Paid direct income taxes, EUR million	329	307	636	244	142	386	478	718

ENVIRONMENTAL KEY DATA[3]

	2014			2013			2012	2011
	Continuing Operations	Discontinued Operations	Nokia Group	Continuing Operations	Discontinued Operations	Nokia Group	Nokia Group	Nokia Group [1]
Energy consumption, GWh	517	117	634	587	338	925	1 072	1 143
Direct CO_2e from facilities, tonnes	8 700	3 400	12 100	22 300	7 900	30 200	22 200	23 900
Indirect CO_2e from facilities energy consumption, tonnes, gross [4]	260 700	54 000	314 700	275 100	154 000	429 100	498 800	516 300
Indirect CO_2e from facilities energy consumption, tonnes, net [4]	188 100	n/a	n/a	182 600	131 400	314 000	388 300	401 900
Water withdrawal, thousand m[3]	591	274	865	638	990	1 628	1 689	1 906
Total waste, tonnes	6 900	5 800	12 700	7 500	21 400	28 900	38 500	58 500
Total waste utilization, %	94%	94%	94%	90%	97%	95%	96%	94%

Notes

1

Figures are consolidated Nokia Group data. The years are not directly compatible largely because of the following reasons:

- In April 2011, Nokia Siemens Networks acquired the majority of the wireless network assets of Motorola Solutions. From April 30, 2011, certain of Motorola Solutions' products and services and approximately 6 900 employees were transferred to Nokia Siemens Networks.

- As of October 1, 2011, Location & Commerce was formed by combining the NAVTEQ business with Devices & Services social location services operations. As of January 1, 2013, Location & Commerce business and reportable segment has been renamed as the HERE business and reportable segment.

2

The historical comparative financials presented in this report include certain changes to previously reported information. The changes result from the retrospective application of a revised IFRS accounting standard IAS 19, Employee Benefits, and the net sales for continuing operations and Nokia Group including the HERE sales to discontinued operations (EUR 154 million in 2013, EUR 374 million in 2012 and EUR 393 million in 2011).

3

For continuing and discontinued operations in 2013 environmental data has been allocated on building level, i.e. where building was and/or will continue to be shared between continuing and discontinued operations, total consumption has been allocated to operations having majority in the site. For 2014 discontinued data covers January-April data from sites belonging to Devices & Services business and full-year data from major sites in India.

4

Net and gross indirect CO_2 emissions: Gross emissions are emissions from purchased electricity and heat calculated with IEA (Internal Energy Agency) country emission factors, in USA with EPA eGrid emission factors. Net emissions are gross emissions reduced with CO_2 avoided due to purchase of renewable energy (certificates).