Nokia Siemens Networks
Sustainability report 2010

Contents

About this report

Welcome to Nokia Siemens Networks' Sustainability Report for 2010. This is the fourth annual report of our performance on environmental and social issues relevant to our business.

Our strategy for managing the environmental and social impacts of our business has evolved. While we continue to take our corporate responsibility seriously and manage the issues we have direct control over, our approach increasingly emphasizes the wider contribution we can make to sustainable development.

Information and communications technologies (ICT) are playing an integral part in social change. They can contribute to sustainable development by advancing human rights and bringing economic benefits to communities around the world. Our products and services also have an important role to play in tackling climate change by enabling the low carbon economy of the future.

As one of the largest ICT companies in the world, we recognize that stakeholders increasingly expect us not only to manage the risks but capture the opportunities related to sustainability. In recognition of this strategic shift, we have changed the terminology we use from 'corporate responsibility' (CR) to 'sustainability'.

This report covers data and activities from all Nokia Siemens Networks operations globally for the 2010 calendar year. It focuses on our performance on the environmental and social issues identified as most significant – or material – to our business and our stakeholders (see managing sustainability, page 6).

In 2010, we analysed sustainability reporting guidelines and requirements (such as the Global Reporting Initiative (GRI) and United Nations Global Compact), together with the requirements of our customers, to refine and strengthen the key performance indicators we report. We used this information to increase our disclosure on our most material issues. Selected indicators have been assured by PricewaterhouseCoopers Oy as part of their assurance of Nokia's and Nokia Siemens Networks' sustainability reporting. These are identified in the data summary with this symbol*.

An index of our conformance with the GRI guidelines and reporting against the Global Compact principles, together with more information about our sustainability strategy, approach and policies is available at www.nsn.com/sustainability.

Tell us what you think
We would like your feedback on this report and the activities it details. Please contact us at sustainability.global@nsn.com

CEO Foreword

I am pleased to be able to tell you that Nokia Siemens Networks returned to growth in 2010 thanks to the incredible resolve and determination of our people. I am equally pleased to report that we moved significantly forward in our approach to corporate responsibility and sustainability over the course of the year. While this report gives you the details of our progress, I'd like to focus your attention on two key areas: sustainability and transparency.

We have changed the name of our report from the Corporate Responsibility Report to the **Sustainability Report**. The change is more than just semantics. Nokia Siemens Networks, like many other international companies, is graduating from the limited scope of corporate responsibility to the global focus of sustainability.

Corporate responsibility is about good housekeeping: respecting laws and regulations, treating our employees fairly and ensuring their safety, keeping our environmental footprint as small as possible, and so on. In short, doing the right thing in areas that we control.

Sustainability, on the other hand, is broader. It is about taking and accepting our share of responsibility for issues that are out of our direct control, and working with others to achieve a common goal. This is a bigger challenge, but it also has a bigger impact.

Climate change is a good example. As a single company, we cannot alone stop the increase in CO_2 emissions. In line with our commitment to sustainability, we have gone outside our own backyard to work with other companies to make industrial operations more efficient through the use of information and communications technology. In the energy sector, for example, we are working with electric utilities to develop power-saving smart grids.

We also believe there can be no sustainability without transparency and open dialogue. Transparency means an honest measurement of performance, and the courage to be open about both successes and shortcomings. It means being active in the global dialogue, including engaging on topics that we might find uncomfortable.

During 2010, we continued to have just such a dialogue on an issue where we have received our share of criticism – a sale we made to Iran some years ago. As we have said previously, that sale was a mistake and we have since exited that line of business. With the engagement of many stakeholders, however, we have gone beyond simply addressing this one instance to putting in place policies and processes to guide us in the future that we believe can be benchmarks for the industry.

We also continue to have dialogue with our industry peers about bringing more rigor and transparency to reporting in key areas. In particular, we are strong supporters of the base station energy efficiency measurement standard created by the European Telecommunications Standards Institute (ETSI). If all vendors adopted this standard, our customers would have an easy, common way to compare environmental performance in this important area – and that would drive even further innovation.

Calls for companies to extend their commitment to sustainability are increasing. At the same time, however, industry competition grows even fiercer. Negotiating between the two can be a challenge. I strongly believe that we are on the path to finding the right balance. You can make your own conclusions from this report. Let us know how you think we're doing.

Rajeev Suri, CEO, Nokia Siemens Networks

Who we are and what we do

Nokia Siemens Networks is a leading global enabler of telecommunications services with a complete portfolio of innovative mobile, fixed and converged network solutions and professional services including consultancy, systems integration, deployment, maintenance and managed services.

We help over 600 Communications Service Providers (CSPs) worldwide – including 75 of the top 100 – meet the challenge of ever-increasing demand while delivering the best possible customer experience. Our mission is to enable CSPs to build more valuable customer relationships by improving efficiency and experience. Customers also include utilities and transport organizations. A very small part of our business (approximately 0.4% of sales) is to military and civil defense organizations in a select number of countries to whom we supply with communications equipment for administrative purposes.

Already, a quarter of the world's population connects over Nokia Siemens Networks infrastructure and solutions each day. We estimate that by 2015, five billion people and many more machine-to-machine devices will be connected to communications networks.

To better support our customers, we reorganized our business in 2010 around three core areas:

- **Network Systems:** Develops and produces fixed and mobile network infrastructure products. Products include our innovative Flexi base stations, packet core products, optical transport systems and broadband access equipment.
- **Global Services:** Implements and manages telecommunications networks to help customers improve operational efficiency by outsourcing non-core activities.
- **Business Solutions:** Improves end-user experience by helping customers enhance billing and charging capability, automate and simplify processes, and address the challenges of convergence.

As our business grows and evolves, this brings new opportunities and new challenges. We rely on our more than 65,000 employees worldwide to help us capitalize on the opportunities and manage the risks, guided by our values (see box) and our Code of Conduct in everything they do.

Information on our financial performance is reported in Nokia Group's 2010 Annual Accounts and Form 20-F http://www.nokia.com/about-nokia/financials.

Joining the UN Global Compact

We joined the United Nations Global Compact in 2010, emphasizing our commitment to the core values it promotes in human rights, labor standards, the environment and anti-corruption. You can find an index of our support for these principles on our website www.nokiasiemensnetworks.com/sustainabilityreporting.

Recognition in sustainability indices

Nokia Group, including Nokia Siemens Networks, was named "Technology Supersector Leader" in the 2010 Dow Jones Sustainability Index for the second consecutive year and continues to be included in the FTSE4Good index.

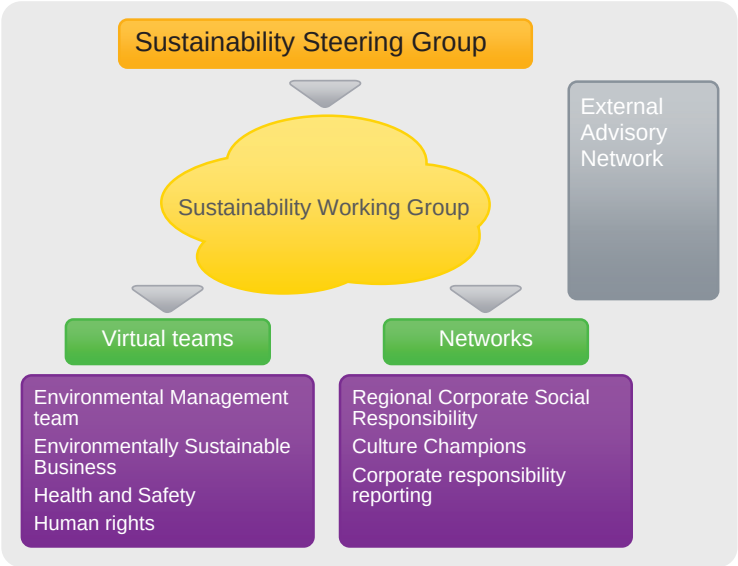
Our values

- Focus on customer
- Communicate openly
- Win together
- Inspire
- Innovate

Managing sustainability

We revised our approach to governing and managing sustainability in 2010. Our new approach includes plans for an external advisory network and clearer responsibilities for managing each area of sustainability.

Sustainability Governance



Governance

In 2010, we reviewed the approach in place since the formation of the company and created a stronger sustainability governance and management structure for the next stage in our development.

We are creating a Sustainability Steering Group of executive board members and an external advisory network.

The Steering Group will ensure that our sustainability strategy supports and is integrated in the business strategy. It is a sub-group of the executive board, consisting of the head of each business, the Chief Technology Officer, Head of Marketing and Corporate Affairs, General Counsel and Head of Operations.

The external network will consist of experts from academia, industry and civil society who will advise on best practices, trends, and initiatives. It will represent the highest level of stakeholder engagement, providing us with insights and ideas, and acting as a sounding board for our sustainability policies and processes.

Management

For management purposes the main corporate responsibility issues have been divided between three organizational entities: ethics and compliance; health, safety and security; and sustainability. The leaders of these teams operate as a virtual Sustainability working group, ensuring good communication and collaboration across the three areas. In addition, cross-functional teams operate in specific focus areas, developing and implementing policies or major projects on topics such as environmental operations and human rights. Alongside these teams, networks of people throughout the business come together around specific issues such as reporting, community involvement, and the role of ICT in sustainability.

The networks will include Nokia Siemens Networks Culture champions appointed in the regions who will work to fulfill the promises made in our Code of Conduct.

Stakeholder engagement

We meet formally and informally with customers, NGOs, suppliers (see page 26), and other stakeholders to listen, learn and communicate on all aspects of sustainability. In 2010, we engaged extensively on human rights and participated in several international conferences on sustainability and corporate responsibility (see below). Communication with employees includes specific formal activity such as the annual employee survey and ethics training as well as regular informal dialogue through face-to-face “town hall” sessions and various online tools (see Employees on our website).

As part of our partnership with WWF, we commissioned them to carry out a series of interviews with a variety of stakeholders on our environmental performance and plans. It confirmed that environmental issues are now considered an essential part of business and an important concern for some customers. The research identified 11 areas for action to address business risk and contribute to the company’s business strategy.

We also work with others in our industry through organizations such as the Global e-Sustainability Initiative (GeSI) and Digital Europe.

Our Connectivity Scorecard, updated annually, is a focus for engagement with governments and regulators, and we present it at major events and conferences (see Connectivity and development, page 8).

Specific engagement activities in 2010 included:

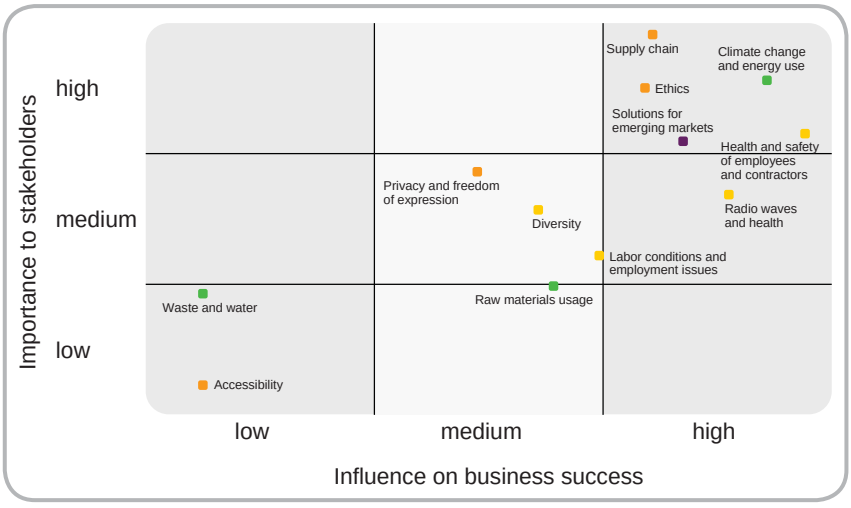
- Organizing an Eco Summit in Greece to bring together people from a variety of backgrounds to discuss the environment and business, highlighting the important role that ICT can play in tackling climate change and boosting economies. The event enabled a frank exchange of views with academics, politicians and other stakeholders and has led to closer cooperation between participants. The next in the series will be in North America in 2011.
- Actively engaging with GeSI and Digital Europe on issues such as supply chain management, material use and waste.
- Participating in the ICT for Energy Efficiency (ICT4EE) Forum responding to the European Commission's call for the ICT sector to help develop a sustainable economic development model.
- Taking part in the Brazil-OECD Latin American conference on corporate responsibility for promoting integrity and fighting corruption.
- Active participation in the Internet Governance Forum with focus especially on issues of Internet freedoms and privacy.
- Engaging on human rights, including dialog with NGOs as part of our policy development, speaking at the European Parliament about our business in Iran, and taking part in public discussions about corporate responsibility in fragile states.

Materiality

We conducted a materiality assessment in 2010 to identify the issues that are most significant to our stakeholders and our business. Using a tool developed by GeSI specifically for our sector, the assessment generated a materiality 'matrix' showing relative significance of each issue (see chart). Feedback from stakeholder engagement together with a detailed analysis of our customers' requirements on sustainability fed into this assessment. We have used these findings to increase data disclosure and transparency in the areas that are most material to our key stakeholders. In 2011 we plan to further refine our materiality assessment.

More on the web:

- Policies
- How we engage with key stakeholder groups



Connectivity and development

We aim to grow our business by providing “useful connectivity”. We define useful connectivity as the bundle of hardware, software, complementary skills, and informed usage that determines how productively ICT infrastructure will be used to support social and economic development.

Information and communications technologies are in a unique position to support sustainable development because they drive social and economic progress while helping to reduce the environmental impacts of many industries (see Environmental impacts of our products and services, page 10).

The economic contribution of ICT is important for both developing and developed countries. Increased connectivity improves the free flow of information. This fuels productivity, leading to economic growth and higher living standards. But our research shows that the benefits stem from more than just the technology and connections.

Connectivity Scorecard
Working with Professor Leonard Waverman and economic consultants, we developed the Connectivity Scorecard, that ranks economies in the latest edition of which is published in May 2011. It ranks economies in terms of “useful connectivity” by measuring the extent to which consumers, businesses and governments make use of ICT to enhance social and economic prosperity. First published in 2008, it covers 25 developed economies and 25 developing economies, using over 30 indicators of ICT infrastructure, usage and skills to create a ranking based on connectivity and economic performance. See www.connectivityscorecard.org.

“Useful connectivity” requires people to be aware, able and interested in using ICT to unlock its full potential. This requires education, training, the right business and economic environment, favorable government policies, as well as the participation of a wide range of stakeholders. Collectively, these factors develop the skills to deploy ICT, and create the demand to use it. (See Community for our education support activities.)

We have created the Connectivity Scorecard (see the box) to help key stakeholders, including governments and regulators, understand how they can strenghten the positive impact of ICT in their country. In 2010, we presented the results at high-level meetings with government officials, industry groups and economic experts in the US, Canada, Europe, Middle East, South America and Asia.

For the 2011 edition of Connectivity Scorecard we expanded the number of indicators over 30% to include new metrics on mobile data uptake, cloud computing and the public sector. The results (see tables) show a similar pattern to 2011 with Sweden still edging out the USA for top place in the leading “Innovation-driven” economies. This is due to its consistently strong scores in infrastructure investments and deployments across the consumer, business and public sectors, as well as strong usage and skills metrics across all three segments. More notably, a clear gap is beginning to form between the top and bottom half countries in this category.

Results in 2011 within the Resource & Efficiency-driven economies show, in line with last year’s results, only a handful of good performers and a large tail of very weak performers. The challenge hence remains for developing countries to create the right environment for ICT deployment and adoption to drive forward their economies.

Low-cost connectivity

We have created an innovative business model for connecting rural and low-income areas where revenues, infrastructure and energy supplies may be inadequate to support the conventional approach. The low-cost concept increases the viability of extending

Rank [*]	Country	Connectivity Score
1 [1]	Sweden	7.84
2 [2]	United States	7.82
3 [4]	Denmark	7.47
4 [5]	Netherlands	7.45
5 [3]	Norway	7.09
6 [8]	United Kingdom	7.06
7 [7]	Australia	6.93
8 [9]	Canada	6.88
9 [6]	Finland	6.78
10 [11]	Singapore	6.40
11 [15]	Belgium	6.31
12 [n/a]	Austria	6.27
13 [17]	Germany	6.27
14 [12]	Ireland	6.08
15 [18]	France	6.06
16 [10]	Japan	5.89
17 [16]	New Zealand	5.84
18 [13]	Korea	5.80
19 [20]	Spain	5.09
20 [19]	Czech Republic	4.93
21 [21]	Portugal	4.80
22 [22]	Italy	4.79
23 [23]	Hungary	4.50
24 [24]	Poland	4.26
25 [25]	Greece	4.22

*last year's rank in parenthesis

Table 1: Connectivity Scorecard 2011 Results – Innovation-driven Economies

Rank [*]	Country	Connectivity Score
1 [1]	Malaysia	6.61
2 [3]	Chile	6.21
3 [5]	Russia	5.68
4 [7]	Turkey	5.51
5 [4]	Argentina	5.46
6 [6]	Brazil	5.14
7 [8]	Mexico	4.87
8 [10]	Ukraine	4.81
9 [2]	South Africa	4.68
10 [9]	Colombia	4.06
11 [12]	Thailand	3.68
12 [13]	Tunisia	2.79
13 [15]	Vietnam	2.73
14 [17]	China	2.72
15 [14]	Iran	2.41
16 [19]	Philippines	2.15
17 [n/a]	Syria	2.11
18 [20]	Indonesia	2.01
19 [16]	Sri Lanka	2.01
20 [18]	Egypt	1.89
21 [21]	India	1.25
22 [25]	Pakistan	1.14
23 [23]	Nigeria	1.09
24 [22]	Kenya	0.95
25 [24]	Bangladesh	0.90

*last year's rank in parenthesis

Table 2: Connectivity Scorecard 2011 Results – Resource & Efficiency-driven Economies

networks into remote areas and makes use of the network more affordable for low-income consumers.

Our local switching solution is operating in Peru (see box), Bangladesh and Yemen, and is on trial in several other countries.

Many calls in rural communities are to local people. In a conventional network calls would be routed through a remote switching center, possibly over hundreds of kilometers. Our solution uses local switching to avoid the often prohibitively high cost of connecting to the core network (known as backhaul) via either satellites or long-distance terrestrial links. It reduces the capital cost of base station sites as well as operating costs by connecting calls locally within base station clusters, using backhaul only where necessary for calls outside the cluster.

This approach also improves call quality, encouraging greater use of the network, and frees bandwidth for long-distance calls and more data transmission.

More on the web:
- www.connectivityscorecard.org

Case study

Local switching connects remote communities in Peru

Our local switching solution is connecting remote communities in the Amazonian forest. These remote small townships are separated by miles of wilderness. The local operator, Claro Peru, has significantly reduced their monhtly operating costs by using local switching instead of satellite connections to hook up these remote sites to the core network. Cost savings make the service more viable and more affordable. And our solution has helped to relieve network congestion, while enabling more users to get connected.

Environmental impacts of our products and services

We are growing new business by using our expertise in efficient management of complex networks to build a low carbon economy beyond the ICT sector that enables significant reductions in energy consumption and greenhouse gas emissions. While this is possibly the greatest contribution we can make to fighting climate change, we continue to minimize the environmental impacts of our products and our customers' networks.

2010 Highlights

- Business established focusing on applications that will save energy for power utilities and other industry sectors
- Energy Solutions portfolio evolution adds Managed Energy Services for Communications Service Providers (CSPs)
- New base station server and controller bring a step change in energy efficiency
- All packaging must be recyclable in line with our new packaging principles
- Position maintained as industry leader in providing the most energy efficient base stations.

Progress against targets

Target	Progress in 2010	Status
Improve the efficiency of GSM/EDGE and WCDMA/HSPA base station products by up to 40 percent by 2012, compared to 2007 performance	We are on track to meet this target	Ongoing
100 percent of take-back handled by globally authorized contractors	Virtually all contractors are now authorized	Achieved
Develop an understanding of the carbon footprint of the take-back process	We will continue to increase our understanding over a longer period	No longer a formal target
Achieve full material content data collection for 90 percent of components in use at Nokia Siemens Networks by the end of 2012	We are well on track to meet this target	Ongoing
Complete feasibility study in 2010 into replacing phthalates	Study completed	Achieved
100% coverage for environmental data of packaging materials in corporate level IT system and environmental reporting system by 2013	We have loaded the first batch of packaging data into a new company-wide system	Ongoing

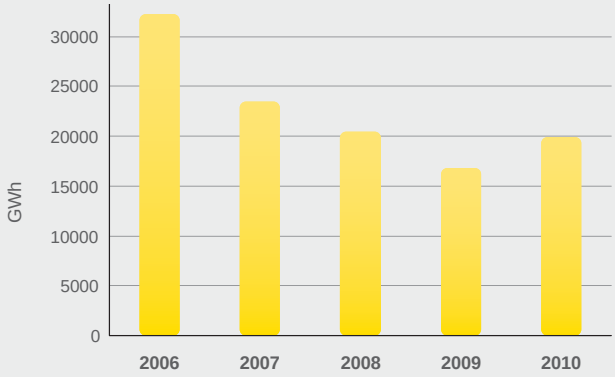
Future targets

Target	Target date
Improve the efficiency of GSM/EDGE and WCDMA/HSPA base station products by up to 40 percent, compared to 2007 performance	End 2012
Achieve full material content data collection for 90 percent of components in use at Nokia Siemens Networks	End of 2012
100% coverage for environmental data of packaging materials in corporate level IT system and environmental reporting system	2013

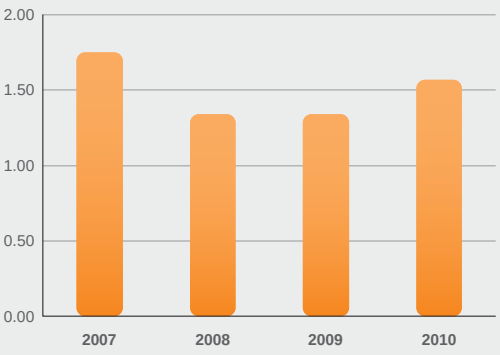
Performance in 2010

Energy

Product lifetime energy consumption[1]



Product lifetime energy consumption (kWh/ €)



[1] Lifetime energy consumption is based on the number of products delivered, their average power consumption and typical life time

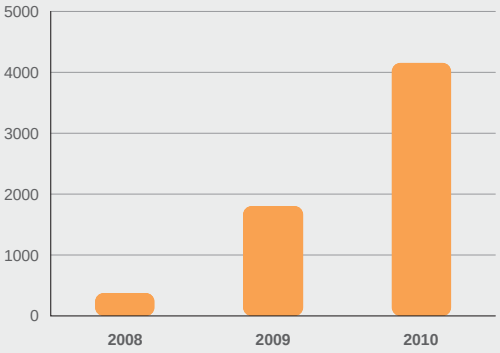
Product lifetime energy consumption refers to the total energy all our products consume when they are used by customers. Product life time energy consumption increased 16% due to higher delivery volumes in 2010, even though our key base station products continue to use less energy. For the first time, we are reporting product energy consumption per Euro of sales, which also increased due to changes in the product mix and price pressure on certain products.

562 watts

Power consumption of our Flexi base station as measured by the ETSI standard (see below)

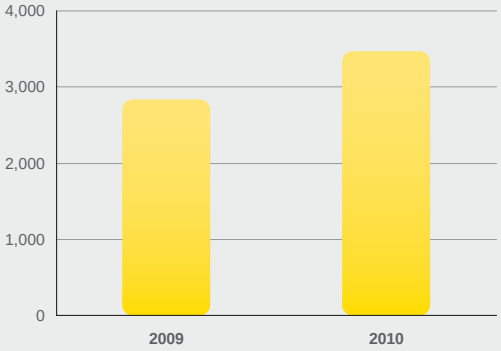
Take-back

Equipment returned from customers (tonnes)

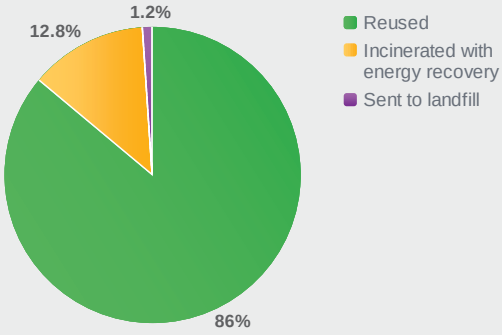


Packaging

Packaging materials reused in our distribution hubs (tonnes)



Destination of returned equipment in 2010 (%)



Our action to stimulate demand has significantly increased reuse of packaging in our distribution hubs. Similarly, take-back volumes have increased as customer teams have become more aware of our services. The majority of returned equipment is dismantled for reuse, with a very small proportion going to landfill.

Strategy

We are developing an environmentally sustainable business that maximizes our positive impact by creating solutions for a low carbon economy outside the ICT sector, and minimizes the environmental footprint of our products and our customers' operations.

Activity in 2010

We continued to introduce more energy efficient hardware, software and services to save CSPs energy and money. In areas from packaging to take-back we also improved measurement and management of our product environmental impacts. Customers in sectors beyond the ICT industry began using our solutions to increase the energy efficiency of their operations.

Hardware improvements

Our contribution to saving energy begins with our products. The award-winning Flexi base station was the first to be assessed according to the new technical specifications from the European Telecommunications Standards Institute (ETSI) in 2010. The measured power consumption in a typical configuration averaged 978 watts in basic mode, but software energy-saving features reduced power consumption as low as 562 watts – much less than an average domestic toaster.

While we are confident that our products lead the market in energy efficiency, customers will only be able to make valid comparisons if there is a common standard. We strongly support the adoption of Version 2 of the ETSI base station energy efficiency standard TS 102 706 to provide credible comparative data. It would help identify the most efficient solutions and focus industry efforts on the areas with the most impact.

Key hardware developments in the Flexi range 2010 include:

- Flexi network server – the lowest power consumption in the market, using only 59 watts per 100,000 subscribers. The signal handling capacity of this latest base station server also allows operators to support more smart device users with each server.
- Flexi base station controller (BSC) – up to 80% reduction in energy consumption combined with a 40% increase in capacity compared to existing base station controllers. Operators can also move to Internet Protocol (IP), which is more efficient than using traditional Ethernet. CSPs can replace up to 32 existing base station controllers.

Energy efficiency features

While the energy efficiency of hardware is important, we help CSPs save more energy with additional software features that make the most of the entire system. In 2010, we introduced:

- Power saving mode – allows operators to shut down cells temporarily during low load periods
- Orthogonal sub-channel (OSC) – doubles the capacity for voice calls on second generation networks, reducing the number of base stations required
- Energy optimized traffic channel (TCH) allocation – allocates the most power-hungry handsets to the broadcast control channel which is always at maximum power, saving power in other channels.

The battery life of mobile handsets, especially smartphones, is another important area for energy savings. In 2010, we demonstrated continuous packet connectivity (CPC) which allows phones to be in a battery-preserving idle state without disconnecting from the network. CPC can result in up to 100% longer battery life with data applications, and up to 50% during voice calls. We estimate this will save end-users 0.3kWh of energy a year, adding up (assuming 400 million users) to annual savings of 120 GWh of energy and 60,000 tonnes CO_2 emissions.

Other environmental impacts of products

Design for Environment (DfE)

We continue to focus mainly on defining principles and requirements for hardware products to minimize resource use and protect the environment. Using materials efficiently is increasingly important as shortages of key minerals become more significant, with the European Union warning in 2010 that 14 out of 41 minerals essential for ICT are in critically short supply, including gallium, silver and copper.

In 2010, we extended the lifecycle assessment (LCA) of our Flexi base station, using ISO standards. Considering the whole lifecycle from production of components to the end of life, the results confirmed that

Awards

The SAMENA Telecommunications Council, a consortium covering South Asia, Middle East and North Africa (SAMENA) named Nokia Siemens Networks "Best Green Technology of the Year" in recognition of our contribution to energy efficient and environment friendly networks and our commitment towards environmentally sustainable business.

the major environmental impact of base stations comes from electricity consumption in the use phase. Based on European electricity production, the use phase accounted for 84 percent of global warming potential for an urban site and 76 percent for a rural site.

The environmental impact varies according to the fuel source of electricity used but the analysis confirms that improving energy efficiency is also the best way to decrease emissions from base station sites that use fossil fuel energy – including intelligent network planning to minimize the number of sites.

Services represent a growing proportion of our business and in 2010 we began work on DfE for services, investigating the need for a completely new approach. This work continues in 2011.

Managing substances

We started using new software in 2010 to handle material content data in one database for all product groups, and are well on track to achieve the target of 90% coverage by the end of 2012. This will improve transparency and make it easier to apply the Nokia Siemens Networks Substance List of banned or restricted substances. It will also help to track Substances of Very High Concern and Authorised Substances listed under the European Union REACh regulation. In Version 4 of the substance list, issued in June 2010, we specifically identified authorised Substances under REACh to highlight these items for suppliers. We are also compliant with the European Union "Restriction of Hazardous Substances" (RoHS) directive and follow up its development.

Methyl bromide became restricted instead of just monitored and tantalum is now monitored due to issues with "conflict minerals". We also began to collect information on other conflict minerals to support our stricter requirements (see Suppliers).

Finding replacements for phthalates, polyvinylchloride (PVC) and brominated flame retardents (BFRs) is a priority. In 2010, we completed a study into phthalate replacement. We have not been able to find alternatives for all the applications that meet environmental, quality and supply chain criteria. Suppliers are phasing out some phthalates because they are classified as "substances of very high concern" under the European Union REACh regulations. There are still cases where PVC and BFRs are needed to meet technical, legal or customer requirements but we continue to look for alternatives.

Packaging

We have stopped using expanded polystyrene in new designs due to environmental and health concerns. Preferred substitutes are paper-based materials and, for heavier products, expanded polyethylene and polypropylene cushioning.

We continue to harmonize packaging designs and create a common database. We now have weight data for 3,900 active hardware products but we estimate this covers only about seven percent of the total. Work continues to load more products into the company-wide packaging database.

Reuse and recycling highlights in 2010 include:

- Introducing new customer-specific reusable pallets in China, with a reuse rate of 50%
- Redesigning some smaller packages which will save an estimated 149 tonnes of packaging material during 2011
- A campaign to increase awareness of reuse both internally and with our customers.

End of life

During 2010, we raised awareness internally of take-back and recycling processes and of our targets, including information sessions for customer teams. These sessions will continue, aiming to create continuous improvement in take-back and recycling.

We began auditing approved recyclers and introduced an evaluation process for new recycling

Radio waves and health

We recognize that some people are concerned about radio waves used in mobile telecommunications. Radio waves have been researched for more than 50 years and Nokia Siemens Networks is convinced that exposure from wireless technologies is harmless within the limits recommended by International Commission on non-Ionizing Radiation Protection (ICNIRP) as endorsed by the World Health Organization. We continue to monitor the latest scientific studies and work with our customers to respond to stakeholder concerns. We have more information available on our website.

contractors. This will ensure we have vendors operating to high standards for all regions, countries and customers, avoiding cross-border transport.

Energy solutions for the ICT sector

Providing energy-efficient products is only one part of the low carbon equation. We also provide complete solutions for CSPs to achieve greater energy efficiency in the entire management of a network. During 2010, we built on our Energy Solutions portfolio to develop Managed Energy Services. With our Energy Solutions, CSPs can reduce network energy consumption even with vast increases in traffic. The solutions are particularly valuable as CSPs enter new markets in rural and remote areas where there is no grid or an unreliable grid supply.

The Energy Solutions portfolio brings together products, services and software to reduce network power consumption and greenhouse gas emissions by using more efficient technology and renewable energy. The services we offer include:

- Energy modernization – retrofitting existing network equipment
- Off-grid and Bad-grid site solutions (where grid power is unavailable or unreliable) – using renewable energy
- Consulting – to help network operators understand how to reduce energy consumption and take advantage of “green” incentives
- Green Energy Control – remote monitoring to optimize energy use
- OPEX management – a tailored service to manage operating costs and energy use.

As well as the Energy Solutions portfolio evolution, we launched a Green IT consulting service to support customers’ energy efficiency programs. The service uses the expertise we have built up managing energy in our own information technology services. It includes calculation of CO_2 emissions and advice on how to reduce IT energy use.

Smart applications across the economy

The third part of our contribution to saving energy and emissions goes beyond the ICT sector. This is where we can have the greatest impact. Our technologies and expertise are supporting smart applications throughout the economy, working with our customers to provide machine to machine (M2M) and similar remote communications that improve productivity and efficiency.

We are targeting two broad areas:

- Power utilities – applying our technology to support “smart grids”, which will allow consumers to use energy more effectively, and help utilities to be more efficient in generation and transmission
- “Smart object” solutions for several business sectors – improving the efficiency of activities ranging from logistics to field service teams and including applications for health services.

Key developments in 2010 included committing to work on the DigiEcoCity project in China, joining other companies to create a “smart city” in Helsinki’s Kalasatama area (see case study) and joining the Smart Wheels consortium for electric cars in Germany (see case study).

Case study

Smart energy in Finland

We are helping to develop a smart grid which will lower electricity consumption and emissions in the new Kalasatama district being built in Helsinki, Finland.

Working with the public utility Helsingin Energia and the power and automation group ABB, we will create easy-to-use services that provide more flexibility and transparency in the distribution grid. These services, based on mobile network technology, will support solutions allowing locally generated power from renewable energy to feed into the market, electric vehicles to draw electricity or feed it back, and energy to be stored.

Our customer services, real-time energy tariff charging and demand management systems will allow residents to manage their electricity consumption and help the utility to reduce peak loads and increase efficiency.

The table summarizes key activities:

Project	Purpose	Progress/Example
Power utilities		
Prepaid Energy - Dynamic rating and billing	Use electricity meter data together with rating and billing information to deliver energy efficiency services to customers	We have started the first trials
Renewable energy management	Extract data from various manufacturers' turbines and providing it in a unified form to enable more efficient operation	In use by the software provider Servus Net supporting wind farm operations in Europe
Smart Grid communications	Use commercial network technologies from the telecommunications industry to support smart electricity grids	More than 140 utilities (mostly energy companies) are using our communication solutions in their daily business. Smart grid communication solutions are also part of the Kalasatama project (see case study).
Electric vehicles	Provide simple billing systems for recharging batteries of electric cars	We demonstrated our ICT solutions at the Geneva motor show and worked with customers to deploy electric vehicle charging infrastructure in practice (see case study)
Other sectors		
Field service management	Improve the efficiency of field service teams in many sectors	Empower, a provider of field engineering and maintenance services, is using this solution in Finland.
Vehicle tracking	Provide information on the location and status of vehicles	In use in Canada with iMetrik, experts in wireless tracking solutions, for theft protection, vehicle recovery, driving behaviour monitoring and reporting, pay-as-you-drive car rental
Facility management	Provide information on services and conditions	Pilot in progress in Europe for remote monitoring and control of holiday resort properties
Smart cities	Create a digital infrastructure supporting numerous applications in healthcare, transport, security, energy sectors	Application under development in DigiEcoCity and Zhenjiang in China

We have introduced a Smart Lab concept in Europe, the US and South Korea. Smart Labs will collaborate with operators and handset manufacturers to develop and optimize advanced services, applications and network infrastructure. The focus of the lab will be R&D and industry collaboration on advanced broadband wireless technologies that support megatrends such as cloud computing, M2M communications and smart devices.

Nokia Siemens Networks is also involved in new research and development activities on smart grids:

- The EU Future Internet for Smart Energy (FINSENY) program to create new European-scale markets for smart infrastructures with integrated ICT capabilities
- The EU Artemis Internet of Energy (IoE) program to develop hardware, software and "middleware" to connect the internet with energy grids, providing the infrastructure for electric mobility
- The Smart Grids and Energy Markets (SGEM) research program studying applications such as Demand Response, Advanced Distribution Automation and Micro Grid Management.

Case study

Smart Wheels in Germany

Our expertise in charging systems for mobile phone customers is helping the Smart Wheels consortium to introduce electric cars in Germany.

Drivers of electric vehicles need to be able to recharge their vehicle batteries at various points operated by different service providers. This is similar to phone users roaming in mobile networks. Our approach to authentication, billing and roaming makes it easy to identify drivers so they can recharge their vehicles and pay anywhere, regardless of who is supplying the electricity.

We began working with the consortium in 2010, carrying out field tests with electric vehicles in the Aachen region of Germany.

More on the web:

- Low carbon economy
- Energy solutions website
- Minimizing product impacts
- Substance List
- Radio waves and health

Environmental impacts of our operations

Minimizing impacts from our own operations is a key element of our environmental strategy. Our priority is cutting greenhouse gas emissions – our biggest impact. We are also committed to using natural resources as efficiently as possible and reducing waste.

2010 Highlights

- Achieved our target to source half our electricity from renewable sources
- 16 percent reduction in CO_2 emissions from our buildings
- 6.7 percent reduction in CO_2 emissions from IT
- Gold LEED certification for our new commercial building in India

Progress against targets

Target	Progress in 2010	Status
Reduce CO_2 emissions from our buildings by 30 percent by 2012, from the 2007 baseline[2]	We are increasing our use of renewable energy and improving the energy efficiency of our buildings to meet this target by 2012 (see two targets below). CO_2 emissions from our buildings have already been reduced by 23 percent from the 2007 baseline	Ongoing
Increase our use of renewable energy to 50 percent of our total electricity use by 2010 (from 10 percent in 2007)[1]	50 percent of our total electricity use in 2010 was from certified renewable energy (purchased from the grid in Finland, Germany and Italy)	Achieved
Improve the energy efficiency of our buildings to reduce associated energy use by 34.3GWh by 2012[3]	By the end of 2010, we had achieved a reduction of 16GWh in buildings energy use compared with business as usual through a range of efficiency measures identified by energy audits	Ongoing
Reduce CO_2 emissions from our IT operations and use of IT products by 10 percent by the end of 2010, from the 2008 baseline	We have exceeded our target, reducing IT emissions by 14 percent compared with 2008 by improving the efficiency of our data centers and office IT equipment	Achieved
Improve Data Center infrastructure Efficiency (DCiE) (a measure of the power used by the actual IT operations compared with surrounding infrastructure like cooling)	The average DCiE across the business was 0.49 in 2010, a 17 percent improvement from 2009.	Ongoing
Reduce emissions from new cars in our service fleet in Europe to 120g/km by 2010	We have not yet met our target to cut emissions from new cars in our service fleet to 120g/km, partly as we have focused on reducing total emissions (not just CO_2) by requiring particulate filters to reduce local pollution, and these are typically not included in the vehicles with the lowest CO_2 emissions per kilometer.	Not achieved

[2] These targets have been agreed with WWF as part of our participation in the Climate Savers program

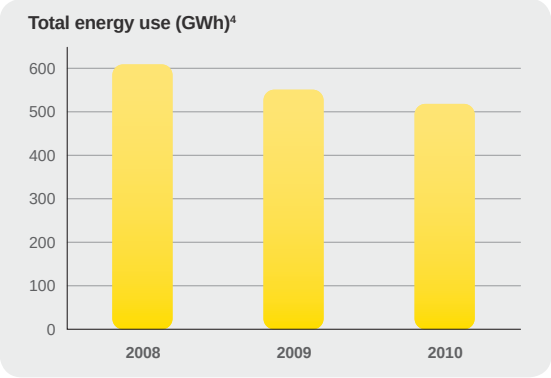
[3] This target was previously stated as 'Improving the energy efficiency of our buildings to reduce associated energy use by six percent (from the 2007 baseline)'. As our real estate portfolio has reduced since 2007, we have changed the wording to provide a more accurate description of the target agreed through the Climate Savers program which is to reduce energy use by 6% compared with business as usual. 34.3GWh represents 6% of estimated energy use for business as usual in 2012.

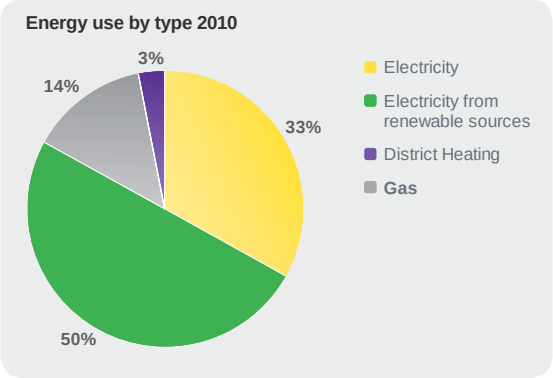
Future targets

Target	Target date
Achieve certification of Nokia Siemens Networks' environmental management system to ISO14001	2011
Reduce emissions from new cars in our service fleet in Europe to 120g/km	2011
Reduce CO_2 emissions from our buildings by 30 percent from the 2007 baseline[1]	2012
Improve the energy efficiency of our buildings to reduce associated energy use by 34.3GWh by 2012	2012
Reduce CO_2 emissions from our IT operations and use of IT products by 20 percent, from the 2008 baseline	2015
Improve Data Center infrastructure Efficiency (DCiE) to an average of 0.5	2015

Performance in 2010

Energy

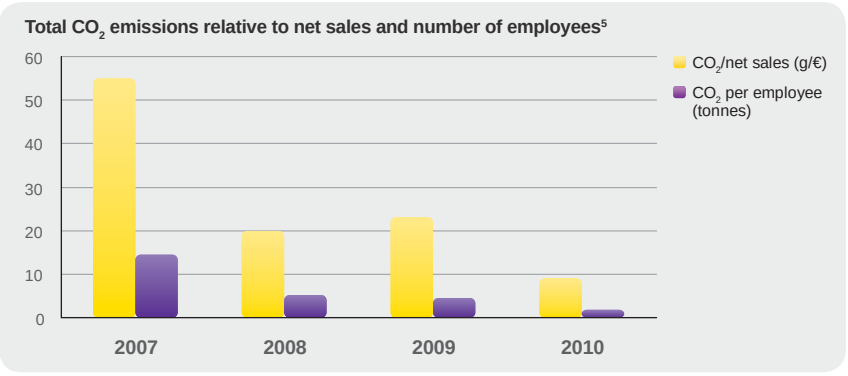




We reduced our total energy use by six percent in 2010. The majority of our energy use is electricity and in 2010, 50 percent of this was from certified renewable energy sources (compared with 31 percent in 2009). This has helped us reduce CO_2 emissions from energy use.

[4] Data cover all buildings larger than 3,000m², representing 80 percent of our overall real estate portfolio – including offices, research and development buildings, and factories

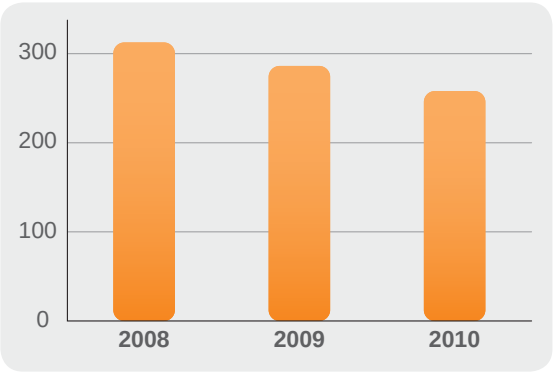
Carbon footprint



[5] Own operations excluding purchased components and inbound logistics (no comparable figures for years prior to 2010)

Total emissions from our operations (Thousand tonnes CO_2)[6]

	2008	2009	2010
Buildings energy use	232	243	239
Green Electricity	-16	-38	-67
External data centers	3	3	3.5
Logistics (outbound)	n/a	n/a	110
Air travel	94	78	83
Total[7]	**313**	**286**	**258.5**



[6] Note: outbound logistics are not included in the total CO_2 calculation. Due to changes the way the logistics outbound calculations are defined, figures for 2008, 2009 and 2010 are not directly comparable. We aim to provide comparable logistics outbound figures in 2011.

[7] Totals exclude logistics due to changes in calculation method.

Total greenhouse gas emissions from buildings[8]

	2008	2009	2010
Total emissions (tonnes CO_2 equivalent)	217,000	206,000	172,000
Indirect emissions from purchased electricity and district heating (tonnes CO_2 equivalent)	209,000	203,000	170,000
Direct emissions from gas and oil used in our facilities, methane and nitrous oxide from heating (tonnes CO_2 equivalent)	7,600	3,100	2,900
Ozone depleting substances (kg)[9]	0.12	20	26
HFC from refrigerants (tonnes)[9]	283	997	1,616

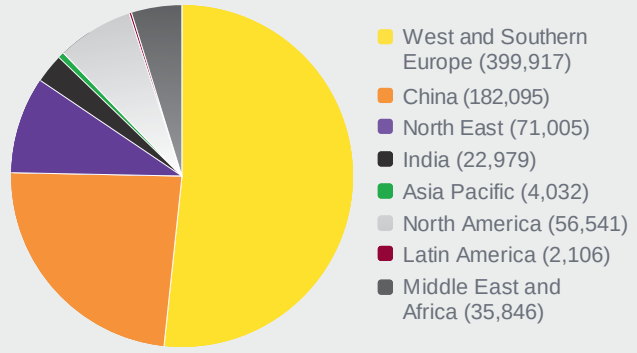
[8] CO_2 emissions are calculated based on the conversion factors in the Greenhouse Gas Protocol. The figures do not cover buildings jointly occupied by Nokia. These emissions are included in Nokia's Sustainability reporting. The figures include the global warming impact of CH4 and N_2O emissions from gas heating, representing 0.004% of total GHG emissions.

[9] 2010 figures cover data from all regions, 2009 covers Finland and China and 2008 Finland only.

In 2010, purchase of renewable energy and energy efficiency measures contributed to a 16 percent reduction in emissions from our buildings. We also reduced CO_2 emissions from our IT by 6.7 percent overall in 2010, despite a slight increase in emissions from personal computers due to growth in markets with more carbon intensive grid electricity. Despite company-wide travel restrictions, emissions from air travel increased by six percent in 2010 due to more accurate reporting and more employees attending face-to-face customer meetings and training.

Water

Total water use by region (m^3)[10]

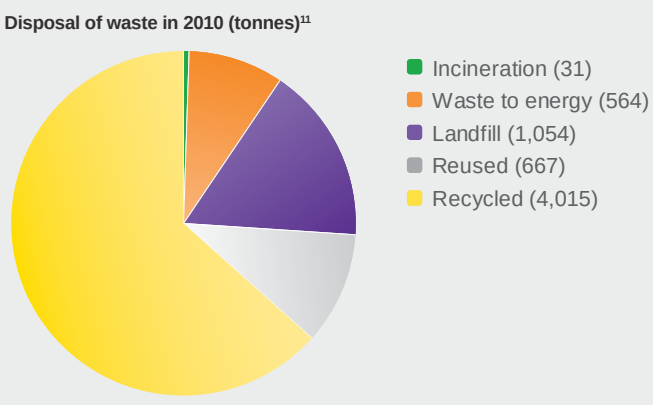


[10] Data cover all our buildings larger than 3,000m^2 that are within our operational control and receive water use information, representing 70 percent of our overall real estate portfolio

In 2010, we used three percent less water than the previous year – mainly for hygiene and catering. The vast majority was from municipal water supplies, with 0.3 percent from our own groundwater supplies. We collect monthly data to help us monitor our water use and identify ways to reduce it. This is particularly important in regions of water scarcity such as India where we use water from our own bore wells.

Waste

Disposal of waste in 2010 (tonnes)[11]



[11] Data cover all our buildings larger than 3,000m^2 that are within our operational control and receive waste utility information, representing 54 percent of our overall real estate portfolio

We generated 6,330 tonnes of waste in 2010. This is 10 percent increase from the previous year is a result of several sites being closed and emptied, together with increased awareness and better reporting as a result of training in 2010. Total reported waste is likely to continue rising as we aim to increase data coverage. We reused, recycled or used as energy 83 percent of our waste. Less than one percent of the waste we generated was hazardous, including batteries, solder paste, solvents and oil. We are continuing work to improve and simplify our reporting on waste to give us a better understanding of areas where we can reduce waste.

In 2010, we also agreed a global contract with a third party to process our electronic waste to ensure consistent processing of e-waste across the business and promote recycling. As our operations expand into more emerging markets, such as China and India where availability of recycling services is limited, it is increasingly challenging to increase the amount of waste we recycle. We are exploring ways to increase recycling options to determine appropriate targets in the future.

Strategy

Reducing greenhouse gas emissions from our own operations is a critical element of our commitment to tackle global climate change. We are cutting emissions through energy efficiency measures in our buildings and IT operations, purchasing renewable energy from the grid, and promoting less and lower-carbon travel.

Activity in 2010

Our global environmental management system (EMS) helps us monitor and identify ways to reduce the environmental impacts of our products and operations. We have reviewed and strengthened the EMS with the aim of extending ISO14001 certification – already achieved for our global manufacturing operations – to cover all our facilities and activities in 2011.

As part of this effort, we introduced training to raise awareness and understanding of the EMS among employees, clearly stating their environmental responsibilities. Questions related to environment are also included in our annual online ethical business training (see ethics and human rights).

Employee engagement continues to play an important part in helping us reduce our impacts and environmental topics are highlighted in our online employee news channel and on the intranet. In 2010, as part of our three-year partnership with WWF to engage employees on environmental issues, representatives from the conservation organization were guest speakers at our Energy Day in Athens. For the third year running we participated in WWF's Earth Hour campaign, encouraging employees to turn off lights and other non-essential electronic devices.

Energy efficiency in our buildings

Our offices, research and manufacturing facilities are an important focus area for reducing our overall emissions. We cut emissions from our buildings in 2010 by improving energy efficiency and purchasing more electricity from renewable sources in Finland, Germany and Italy. As our business grows in emerging markets, such as India, it is increasingly challenging to source green energy from the grid. We do not currently have any on-site renewables, but we are exploring this option.

Incorporating sustainability considerations into the design, development and refurbishment of our buildings helps to reduce their environmental impacts. In 2010, we began to align our approach with the framework set out by green building organization Leadership in Energy and Environmental Design (LEED). We received our first LEED certification (gold) for the new office in Noida, India, and aim to explore certification for other large buildings in future. We are also reducing the amount of office space we need by using buildings more efficiently with flexible workspaces.

To help us identify other potential savings, we conducted 12 energy audits in 2010 in China, Finland, Germany, Hungary, India, Italy, Poland and Portugal. Areas identified for improvement included improving the energy efficiency of cooling and ventilation systems, and lighting.

Of all our facilities, the laboratories where we test our products consume the most energy per occupied area and collectively account for 40 percent of our total energy consumption. In 2010, we conducted pilot projects at labs in Finland, Germany and India to improve the energy efficiency of cooling systems. This initiative is now being rolled out across all our test labs globally and is expected to cut their energy use by between 10 and 20 percent.

Green IT

Improving energy efficiency in our data centers, which account for the majority of our IT emissions, continued to be a key focus in 2010 (see case study). We also encourage employees to turn their computers off and use the standby mode to cut energy use from personal computers (PCs). All new PCs and notebooks purchased must be certified as Energy Star 5.0.

Building on the progress we have made in our own IT operations, we launched a new green IT consulting service as part of our Holistic Energy Solution in 2010 to offer support for our customers to improve the

Case study

Improving energy efficiency in our data centers

The average efficiency of our data centers – measured using the recognized Data Center infrastructure Efficiency (DCiE) indicator – was 0.49 in 2010, a 17 percent improvement from the previous year. This means the actual IT operations used 49 percent of the energy supplied to the data centers and the rest went on cooling and other infrastructure.

Our most efficient data center in Espoo, Finland has already achieved a DCiE of 0.63 and our goal is to achieve an average of 0.5 across all the sites we control by 2015.

Through a program of consolidation and virtualization, we are reducing the number of smaller data centers we use from approximately 50 to seven in 2011. Virtualization increased by 50 percent in 2010, making better use of servers so we will not need as many data centers in the long term – cutting energy use, emissions and costs. We are also installing better temperature control systems to reduce the amount of energy needed for cooling.

energy efficiency of their IT (see Environmental impact of products and services).

Business travel

IT is also helping us cut emissions from business travel by promoting new ways of working. We installed HALO video-conferencing facilities in a further five locations in 2010, bringing the total to 36. These, together with other virtual meeting tools such as WebEx and teleconferencing, enable employees to 'meet' remotely, reducing the need to travel. Web-based training has also reduced travel for our development programs, with over 700 courses now available online.

While emissions from air travel rose compared to 2009, our company-wide travel restriction designed to cut costs and encourage people to develop alternative ways of working, helped keep emissions at a relatively low level. We introduced a new tool enabling employees to compare emissions on different flights to select the option with the least environmental impact when air travel is necessary. We also began a pilot in Finland to collect CO_2 emissions data from our partner hotels to help us choose hotels with the lowest emissions. Our SMS text travel service is now available in Munich as well as Finland, informing people about public transport options to get to our sites.

In 2010, we reduced emissions from new company cars in Europe to an average of 138g CO_2/km, exceeding our target of 139g CO_2/km. Despite facing challenges that have delayed meeting our target of 120g/km for new service vehicles, our efforts to reduce pollution and emissions from our fleet were recognized by Fleet Europe's International Fleet Green Award in 2010. We already have hybrid cars in our fleet and will introduce electric cars from 2011.

Nokia Siemens Networks won the CSR Mobility Award from the German Ministry for environment (BMU) and Federal Environment Agency as the company with the 'most inspiring examples of environmental enterprises' for our work to reduce business travel in Munich, including emissions guidelines on company cars and campaigns to encourage alternatives to travel. In addition, many of our employees choose to work remotely from home part of the time, reducing emissions from commuting.

Logistics

We aim to continually improve the efficiency of our logistics operations and cut environmental impacts from the transport of products to customers and components from suppliers. In 2010, we continued efforts to increase the amount of products transported in each container and reduce the amount sent by air.

Redesigning and reducing packaging around our products also helps to cut transport impacts by increasing the amount that can be sent in each shipment (see Environmental impacts of products and services, page 10).

More on the web:
- Environmental management
- Environment policy

Ethics & human rights

We are committed to uphold the highest standards of ethical business conduct and respect human rights in all our activities wherever we operate. This commitment is clearly set out in our Code of Conduct which all employees must follow and is reinforced by our new human rights policy. We fully and aggressively investigate any reported concerns to combat unethical behavior.

2010 Highlights

- 92 percent of employees with online access completed our annual online training on ethical business conduct
- New simplified reporting channels launched to encourage employees to raise ethical concerns
- Policy on conflicts of interest developed, to be implemented in 2011
- Human rights policy published in 2010 to be reinforced with a due diligence process in 2011
- Privacy strategy and new employee privacy policy developed

Progress against targets

Target	Progress in 2010	Status
Review and simplify reporting channels for ethical concerns and the process for handling reports	Existing reporting channels have been consolidated and simplified, and all reports are now directed to and handled by the new combined Ethics & Compliance Office	Achieved

Future targets

Target	Target date
Ensure all employees complete annual ethical business training	End 2011
Conduct a further 200 anti-corruption training sessions	End 2011
Review anti-corruption training materials to help employees understand the information more easily	End 2011
Establish a 24-hour telephone ethics reporting system available in key countries where we operate	End 2011
Implement human rights due diligence process in line with the new Human Rights Policy	End 2011
Train our sales, legal, procurement and R&D teams on the human rights policy	End 2011

Performance in 2010

Ethics survey

78%

of employees believe Nokia Siemens Networks behaves with integrity in its external dealings (for example, with customers and the general public) according to our Employee Engagement Survey in September 2010 (see Employees)

Training in 2010

Employees trained in ethics and human rights in 2010	
Employees completed online training on ethical business conduct	Employees trained on human rights issues
92%[12]	92%[12]

[12] This figure covers employees with everyday access to the internet (representing over 80% of employees). Targeted classroom training sessions were organized for employees without internet access in 2009.

Our annual online refresher training on ethical business conduct includes training on human rights issues. The Ethics & Compliance Office also ran a face-to-face training sessions on anti-corruption in 2010. Combined with sessions already completed several thousand employees have now received anti-corruption training since the company was established in April 2007.

Ethics enquiries

Enquiries made via the ethics email reporting channel

	2009	2010
Anticorruption	0	7
Conflict of interest	10	13
Customer policy	7	16
Gifts & hospitality	4	12
Code of conduct training	28	16
Human resources (fairness)	12	25
Labor conditions & supply chain	0	5
Legal & compliance	14	29
Workplace practices	0	9
General guidance	52	43
Total	**127**	**175**

The Ethics & Compliance Office received 175 enquiries in 2010 (compared with 127 the previous year) and 64 reports via the anonymous whistle-blowing line. The new simplified reporting channels have made it easier for people to ask questions and report concerns. For example, there was a significant increase in enquiries about legal and compliance issues made through this channel as we are no Issue raised longer promoting the separate compliance reporting email address.

Investigations

Investigations and resulting disciplinary action in 2010		
Investigations by our Ethics & Compliance Office	Employees dismissed on grounds of violation of Code of Conduct	Employees given a written warning
148	27	33

The Ethics & Compliance Office initiated 148 investigations concerning alleged violations of the Nokia Siemens Networks Code of Conduct. The majority of these related to theft, fraud, conflict of interest, alleged improper payments and internal policy violations. These investigations resulted in the termination of employment of 27 employees on the grounds of violations of our Code of Conduct, including theft, fraud, conflict of interest and sharing of confidential company information. A further 33 employees received a written warning.

Examples of ethical issues encountered by employees in 2010

Issue raised	Our guidance	Action taken
In three separate cases where a female employee was assigned to a project, the customer requested to deal with a man instead.	Nokia Siemens Networks is committed to equality of opportunity in all its employment practices. Job requirements fulfilled, no employee will receive less favorable treatment for any reason.	In each case, the manager who had assigned the female employee to the project told the customer that she had been assigned to the project because she was the best person for the job and would not be replaced with a male employee. In all three cases, the female employee continued working on the project successfully.
The Ethics & Compliance Office received an anonymous tip that an employee was involved in the selection and payment of a contractor which was his wife's business.	Our Code of Conduct clearly states that Nokia Siemens Networks employees must avoid any activity that can lead to a conflict of interest.	The Ethics & Compliance Office investigated the allegation. The employee in question admitted the allegation was true and was dismissed as a result for breach of our Code of Conduct.

Ethics

Strategy

We have a strong Code of Conduct and robust policies and procedures to tackle unethical behavior and corruption. We work hard to ensure that all employees understand and comply with the Code, and expect our suppliers (see Suppliers page 26) and business partners to uphold the same high standards. Demonstrating business integrity and tackling corruption is increasingly essential to meet strict ethical requirements from our customers, and to protect our reputation.

Activity in 2010

We saw a significant increase in the number of employees asking for guidance on how to deal with ethical issues, rather than just reporting concerns when an issue has arisen. This reinforces the importance of training as a preventative measure to get people thinking about ethical behavior before they face a problem and ensuring they are aware of reporting and consultation channels to prevent issues arising.

Training and awareness

Employees are required to complete ethical business training annually. The interactive online exercise presents real-life cases, renewed each year, relating to the company's Code of Conduct. It is designed to help employees understand how to deal with a wide range of ethical dilemmas they may face in their day-to-day work lives and ensure they are aware of the helpline and support available to them to prevent unethical conduct.

The 2010 training on ethical business conduct was launched by our CEO in October. Issues covered included environment, health and safety, diversity, privacy, conflict of interest, anti-trust and bribery. Ethics and compliance officers held nearly 200 additional in-depth, face-to-face sessions specifically on anti-corruption, targeting small groups of employees in high-risk roles such as sales.

Reporting concerns

The separate Ethics and Compliance Offices merged in 2010 to form a single Ethics & Compliance Office as part of our strategy to simplify and strengthen channels for guidance, reporting and investigation of ethical concerns. Multiple reporting channels were consolidated into one email channel – ethics@nsn.com – and one online reporting tool that allows anonymous reporting also by any external parties. In 2011, we will introduce a 24-hour independently-operated telephone and electronic reporting hotline to accompany the existing internal email channel.

Anti-corruption: prevention and detection

The focus of our anti-corruption program in 2010 was on prevention (through training) and detection (by encouraging people to report concerns).

Preventing and detecting potential conflicts of interest was a priority as we received an increased number of enquiries, particularly related to global procurement. We developed a policy on conflict of interest that will be introduced in 2011 to ensure a consistent approach across the business. Following a pilot in China in 2009, we also began rolling out a tool to help us detect excessive gifts and hospitality that may lead to a conflict of interest. The tool has now been deployed in India and we plan to introduce it in other regions in 2011.

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 Chief Compliance Officer. We are continuing to explore options to introduce a new tool to help us monitor these activities centrally and ensure the information is accessible globally. We also trained more than 60% of our sales partners on our Code of Conduct and anti-corruption issues through a workshop in the Asia-Pacific region in 2010.

Privacy and human rights

Strategy

Nokia Siemens Networks is committed to supporting human rights, including free expression, privacy, and access to information. We condemn any abuse of telecommunications networks to limit those rights, and we are working with governments, regulators, nongovernmental organizations (NGOs), consumer rights organizations, data protection authorities, the telecommunications industry and others to meet the evolving challenges posed by new technologies.

We carry out due diligence to help ensure that the communications technologies we provide are used to respect, and not infringe, human rights. Our aim is to be a privacy-aware company that adheres to strict standards and is committed to providing solutions that help our customers better protect consumer privacy.

Activity in 2010

We developed new policies on human rights and privacy in 2010 that further clarify the positions set out in our Code of Conduct. We also improved

mechanisms to identify cases that require more detailed human rights assessments and due diligence.

Human rights policy and processes

While we typically do not control the use of our products and services, we want to avoid being complicit in human rights abuses through the misuse of our products. In 2010, we developed a clearer policy position and improved controls in response to the types of challenges we faced related to Iran in 2009 (see box) and the increasing pressure from governments to gain access to communications networks for purposes such as fighting serious crime and terrorism.

A series of workshops, including engagement with NGOs and human rights experts, led to the development of a new Human Rights Policy specifically concerning the implications of the products and solutions we provide for freedom of expression, privacy and access to information. The new policy states that Nokia Siemens Networks accepts the responsibility to carry out due diligence to try and ensure that the communications technologies we provide are used to respect, not infringe, human rights.

We are now integrating the new policies into our sales processes to identify cases that must undergo human rights due diligence. We also finalized a Product Privacy Policy to better assess and address issues of privacy in product development. We will carry out training on the new policies for sales, legal, procurement and R&D teams directly concerned in 2011.

The challenges around new technologies and human rights are very topical and require new thinking from companies in terms of human rights impact assessments. We are encouraged by the response so far to our approach from others working around the different perspectives to this issue and will continue our active engagement in 2011.

Protecting privacy

Research we commissioned in 2010 among more than 5,000 European consumers found growing concern about the misuse of personal data. Mobile and internet users' personal data are increasingly regarded as highly sensitive, requiring greater protection. At the same time, communications services providers are highly trusted guardians of such data.

It is essential that users understand what they are agreeing to when they give service providers

Case study

Human rights and Iran

Early in 2010, the Nokia Siemens Networks executive board decided to voluntarily restrict our business in Iran. We will not accept new customers there but in cases where we have previously provided networks, products and/or services in Iran, we would be willing to accept contract extensions related to that installed base (not including monitoring centers).

In 2010, we acknowledged in an address to the European Parliament that prior to providing a monitoring center to an Iranian mobile operator in 2008, we should have better understood the possible implications for human rights. We have since strengthened our approach (see on this page). Nokia Siemens Networks divested from the monitoring center business over two years ago in March 2009 and no longer provides any support for its products.

We discussed these issues with the Iranian human rights lawyer, campaigner and Nobel Peace Prize winner Shirin Ebadi, who had strongly criticized the sale of the monitoring center in Iran. After discussions with her, we published further clarifying statements (also available in Farsi) regarding the actions we had taken since the issues arose. She has subsequently characterized our actions as important for people all over the world.

permission to use their personal information. Such "informed consent" enables end users to choose which aspects of their information are made available and for which purposes. People must also be able to see the information that is held about them, who has access to it under what circumstances, so they can amend permissions if they wish.

In 2010, we adopted a privacy strategy outlining our commitment to respect the privacy and integrity of users of our products and services as well as other stakeholders (see box). It will be implemented by a cross-organizational virtual Privacy Network.

We support our customers in security and data privacy with consulting services, customer identity and security products, helping them to make privacy and security simple for end users. Nokia Siemens Networks also works with others to improve privacy on the internet, including organizations such as the Internet Engineering Task Force (IETF) and the Internet Architecture Board. Activity in 2010 included organizing an international workshop for leading privacy experts at Massachusetts Institute of Technology (MIT) considering how to improve internet security.

Employment Privacy Policy
Our new Employment Privacy Policy mandates that the company will collect personal data from employees only when necessary for legitimate purposes and will retain data for no longer than necessary. We only collect sensitive information on employees if there is a legal justification for processing it, or if it is collected and processed with employees' unambiguous consent.

More on the web:
- Code of Conduct
- Anti-corruption strategy
- Human rights policy
- White paper: How CSPs can become prime protectors of personal privacy
- Press statements regarding Iran

Suppliers

We expect suppliers to meet the same high standards we set ourselves on ethical behavior, labor standards and environmental management. They must comply with our robust supplier requirements. We conduct regular audits to monitor compliance and work with suppliers to improve CR capability in our supply chain. We strengthened our efforts significantly in 2010, more than doubling the number of in-depth audits and CR workshops for suppliers.

2010 Highlights

- 13 in-depth supplier audits, up from six the previous year
- Five CR workshops held to train suppliers in high-risk markets
- 70% of Global Procurement staff trained in CR
- Contributed to the development and implementation of industry training for suppliers
- Developed a policy on conflict minerals

Progress against targets

Target	Progress in 2010	Status
Implement a pilot assessment program on supplier occupational health and safety	We finished 9 pilots of Network implementation health and safety program	Achieved
Conduct at least two supplier workshops in high-risk countries in 2010	Held five workshops– in Indonesia, Russia, Saudi Arabia, Turkey and United Arab Emirates	Achieved
Roll out industry-wide CR training among our key suppliers through our participation in the Global e-Sustainability Initiative	74 of our suppliers have registered for the industry training on CR, developed by GeSI and the EICC	Achieved
Invite a further 30 suppliers (based on high energy intensity and business significance) to participate in our energy efficiency program	Of the 30 suppliers invited in 2010, 23 have joined our energy efficiency program	Achieved
Drive implementation of good practices through meetings and target-setting on energy efficiency	45 of our suppliers, representing 29% of our supplier spend, have joined our energy efficiency program and shared their targets and good practices. From 2011, progress will be monitored through the Carbon Disclosure Project tool	Ongoing
Conduct at least 100 system audits	Conducted 108 on-site system audits	Achieved
Conduct in-depth process audits of eight suppliers	Conducted 13 in-depth process audits	Achieved
Develop our internal reporting process on supplier audit findings	Shared findings of in-depth CR audits within our sustainability teams and with Nokia Group	Achieved
Ensure that 70% of employees in our Global Procurement organization have received training on CR	70% of procurement staff have completed training on CR	Achieved
Increase the number of auditors qualified to conduct in-depth audits to eight	Trained five more auditors in social accountability standard SA8000, bringing the total to six qualified auditors to conduct in-depth audits on labor conditions	Not achieved
Invite a further 25 suppliers to join E-TASC	Invited 25 suppliers to join E-TASC in 2010. Eighteen of our suppliers are now using the tool, representing 16% of our supplier spend	Achieved
Continue to review supplier responses submitted via E-TASC and work with these suppliers to help them implement recommendations for improvement	Held 25 meetings with suppliers to discuss our CR requirements and E-TASC findings and opportunities for improvement	Achieved

Future targets

Target	Target date
Conduct in-depth audits on labor conditions and environmental management of 16 suppliers	End 2011
Increase the number of auditors qualified to conduct in-depth audits to eight	End 2011
Roll-out industry training to suppliers on worker-management communication and occupational health and safety in high-risk regions	End 2011
Conduct at least six supplier workshops in high-risk countries	End 2011
Roll out Carbon Disclosure Project tool to track suppliers' progress on energy efficiency	End 2011
Develop our internal process for reporting supplier audit findings on a regional and global level	End 2011
Ensure that 80% of employees in our Global Procurement organization have received training on CR	End 2011
Ensure that suppliers representing at least 20% of our procurement spend have joined E-TASC	End 2011

Performance in 2010

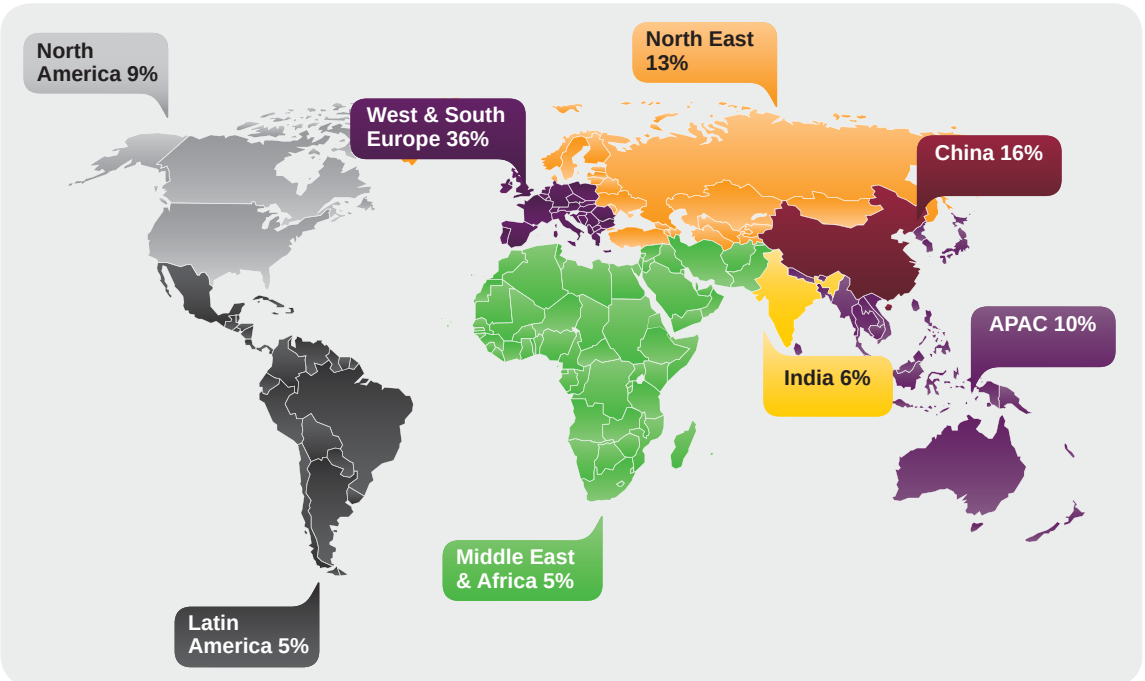
Supplier audits

Supplier audits conducted by Nokia Siemens Networks

Target	2007 (April-December)[13]	2008	2009	2010	Total to date
System audits against our supplier requirements	37	103	147	108	**395**
In-depth audits focused on labor conditions and environment	5	7	6	13	**31**
Occupational health and safety audits for services suppliers	N/A	N/A	N/A	51	**51**

[13] Nokia Siemens Networks was established in April 2007

Supplier spend by region[14]



[14] Calculated based on which country the ordered service or product is provided from

Findings of in-depth audits on labor conditions and environmental management in 2010

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)	1	3	**4**
Forced labor	2	2	**4**
Health and safety	28	56	**84**
Freedom of association and right to collective bargaining	4	0	**4**
Discrimination	1	2	**3**
Disciplinary practices	5	2	**7**
Working hours	8	9	**17**
Remuneration	13	22	**35**
Management systems	34	39	**73**
Environmental management system	12	10	**22**
Total	**108**	**145**	**253**

Examples of significant audit findings and recommendations for improvement

Category	Non-conformities identified	Recommendation for improvement
Child labor	Some of the personnel files reviewed were missing proof of age documents	Supplier shall ensure that valid records providing proof of age are obtained from each employee on recruitment
Forced labor	Copy of contract agreement not provided to many employees and contracts incomplete with signatures on both pages and contract dates missing	Supplier shall ensure that contract agreements are signed and stored for each employee and a copy of the contract is provided to all employees
Health and safety	Inadequate ventilation (in some places none at all) in manual soldering area so smoke not removed efficiently	Supplier shall modify ventilation and install adequate equipment
Freedom of association and right to collective bargaining	Only management participates in labor union meetings	Supplier shall ensure that the labor union is comprised of an adequate number or workers (not only management) and ensure they take part in regular meetings so workers' concerns are raised appropriately
Discrimination	Age for hiring employees is restricted to between 17 and 35	Supplier shall remove the restrictions on employing people above the age of 35 from Human Resources procedures
Disciplinary Practices	Supplier is deducting wages or imposing fines on employees as a way of disciplining them	Supplier shall ensure that monetary deduction is not used as a way of disciplining employees
Working hours	Site technicians and warehouse workers found to be working excessive overtime (up to 155 hours per month)	Supplier shall ensure that overtime work carried out by the workers is within the legally specified national limit
Remuneration	Employees pay for their uniform when they join the company	Supplier shall ensure that the cost of uniform is borne by the company
Management systems	No evidence of policies on labor issues such as forced labor, child labor, occupational health and safety, harassment, freedom of association, disciplinary practices, working hours, compensation and benefits	Supplier shall develop policies on these issues
Environmental management system	Records of waste generated and handled are not maintained, and there is no inventory of the waste	Supplier shall maintain records of waste generated and fully implement established procedures on waste handling

System audits are carried out on new suppliers to check compliance with our supplier requirements through self-assessments and on-site audits. Our in-depth on-site audits concentrate on labor conditions and environment. In 2010, these were conducted on 13 suppliers in China, India, Indonesia, Russia, Saudi Arabia, Turkey and the United Arab Emirates. Health and safety remained one of the most common areas identified for improvement and this has been a continued focus in 2010. In addition, we conducted 846 supplier performance evaluations which cover CR issues along with more general quality and delivery performance as part of our ongoing supplier relationship management.

18
of our suppliers have joined E-TASC to date, representing 16% of our purchasing spend

In 2010, we continued to support industry collaboration by inviting a further 25 suppliers to join E-TASC – a common supplier assessment tool set up by the Global e-Sustainability Initiative and the Electronics Industry Citizenship Coalition. It aims to reduce the burden on suppliers by creating only one set of assessments and auditing and sharing the results with all participating customers. A total of 18 of our suppliers have joined to date, achieving an average score of 84.5% overall and 89.3% on average for individual facilities.

Supplier diversity

In the US, 5.4% of our procurement is spent with minority businesses as part of our supplier diversity program.

Suppliers and the environment

85%
of the sites of our top 250 suppliers[15] to whom environmental management systems (EMS) alignment is applicable have a documented EMS in place

75%
of the sites of our top 250 suppliers[15] to whom EMS alignment is applicable are certified to ISO14001

45
suppliers, representing 29% of spend, have set targets to reduce environmental impacts

[15] A site-level review in 2010 of Nokia Siemens Networks top 250 suppliers by spend to whom the EMS alignment to ISO 14001 or such a certification is applicable showed that 85% of these sites have documented EMS in place and 75% are certified to ISO 14001. Top 250 suppliers represent approximately 69% of procurement spend.

We require suppliers (except those with very low environmental impacts) to have a documented environmental management system (EMS) and, in the case of key suppliers and those with higher impacts, this must be certified to ISO14001. However, it typically takes between 12 and 18 months to develop an EMS for a site, so it is unlikely that EMS coverage will reach 100% at any given time as a result of new suppliers being selected or existing suppliers changing the site they use to supply Nokia Siemens Networks.

In 2010, a further 26 suppliers joined our energy efficiency program, piloted by 19 companies in 2009. Those participating in the program share best practices, learn from each other about how to improve energy efficiency and are asked to set targets to improve the energy efficiency of their operations and their products (where relevant).

Supplier workshops

	2008	2009	2010	Total to date
Number of suppliers participating in Nokia Siemens Networks CR workshops	5	15	54	**74**
Number of management level supplier workers participating in Nokia Siemens Networks CR workshops	11	33	103	**147**

Industry training

Target	2010
Number of Nokia Siemens Networks suppliers participating in GeSI/ EICC online CR training	52
Number of Nokia Siemens Networks supplier workers participating in GeSI/EICC online CR training	74

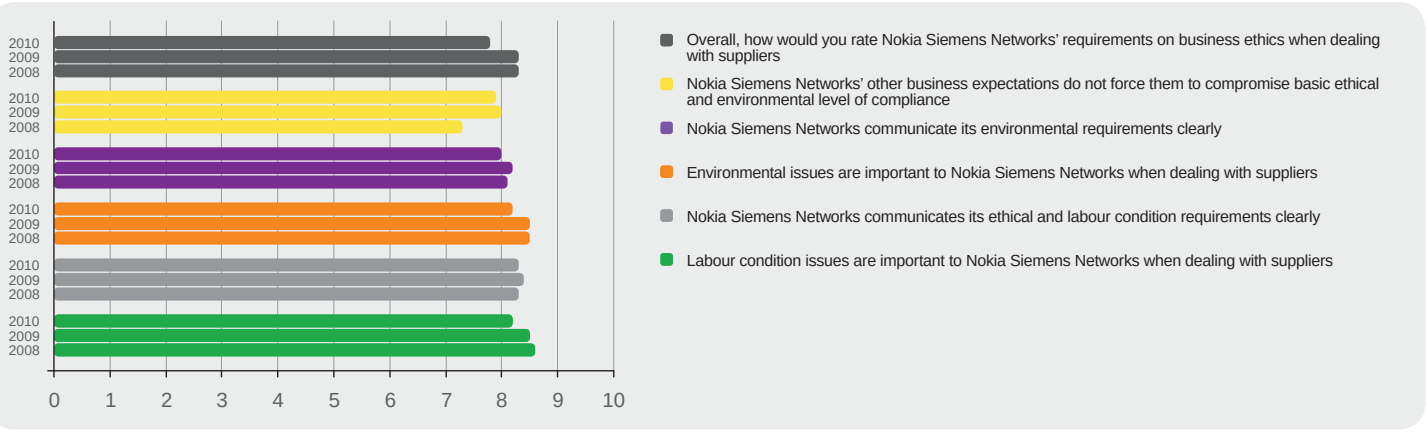
Training for procurement staff

70%
of our procurement staff have received CR training to date

97%
of procurement staff completed online ethical business training in 2010

Like all employees, procurement staff are required to complete annual online ethical business training. In 2010, we also held 18 training sessions for 209 procurement staff on CR and three sessions for 75 participants specifically on the environmental aspects of our supplier requirements the environmental appendix, which is an integral part of our purchase agreements. We continued to provide specific training on occupational health and safety for those involved in procurement of services, although the total trained fell to 38% as a result of staff turnover.

Supplier survey



In June 2010, 281 suppliers participated in our annual supplier satisfaction survey. Nokia Siemens Networks' requirements on business ethics when dealing with suppliers was rated 7.8 on a scale of one to 10 (where 10 is very strict). Based on feedback from this survey, we believe that our basic CR requirements are well understood by the majority of suppliers and that suppliers find the requirements strict.

However, we are very concerned that, despite increased efforts to raise awareness, suppliers' ratings of our stance on business ethics and environment have declined slightly for the first time. This is probably the result of increased business pressures during the 12 months up to mid 2010 which the survey relates to. We are addressing this through continued training of procurement staff and capability building programs for suppliers. Despite the lower scores, CR continues to be one of the highest performing areas in the survey.

Strategy

Our supplier requirements clearly set out our expectations for all Tier 1 suppliers – those we purchase products and services from directly. We expect them to put in place similar requirements for their own suppliers to promote accountability through the supply chain. Our work with industry peers through the Global e-Sustainability Initiative (GeSI) and Electronics Industry Citizenship Coalition (EICC) aims to promote common approaches for improving supply chain management.

We focus audits and engagement on direct suppliers – those providing products and services that we sell to our customers – because they represent the majority of our purchasing spend and the highest risk to our business.

Activity in 2010

We significantly increased our efforts to engage and audit suppliers in 2010, more than doubling the number of in-depth audits, CR workshops, and suppliers invited to join our energy efficiency program and E-TASC. We trained five more auditors to increase our capacity to conduct in-depth audits, bringing the total to six. Training also continued to ensure procurement staff understand key elements of our supplier requirements and are able to communicate these effectively.

Risk assessment

We continued to refine our system for mapping risks in the supply chain, using Maplecroft's Global Risks Portfolio to identify high-risk countries. Together with supplier self-assessments and system audits, this helps to target workshops in high-risk countries and identify high-risk suppliers for in-depth audits. We have initiated a project with Maplecroft to develop a bespoke supply chain CR risk index, which will be integrated in our supplier risk management processes in 2011.

Training and capability building

In 2010, we held a further five CR workshops for suppliers in high-risk countries, building on those previously held in China and India. The workshops raised awareness of our supplier requirements, focusing particularly on environment and labor conditions. We also engaged with suppliers on specific issues through our energy efficiency program and health and safety training (see below).

We continued to contribute to the development of industry training through the GeSI/EICC Supply Chain Working Group Learning and Capability taskforce. We helped develop training content to promote more effective communication between workers and management which will be launched in 2011, and reviewed training on occupational health

and safety for manufacturing (piloted in November 2010 in China).

Occupational health and safety

Our Global Services business is growing as we are increasingly providing support for telecoms operators in the deployment, management and maintenance of their networks, in addition to providing the network equipment. The health and safety of the contractors engaged in the riskiest elements of this work continues to be a key concern for us, and our customers, as people are exposed to unnecessary risks and this has a direct effect on both our reputations.

Health and safety was an important part of the 13 in-depth audits we conducted on labor conditions – 10 of which were of suppliers who provide us with services. In high-risk countries, local teams conducted 51 additional audits of services suppliers specifically on health and safety, as well as thousands of site inspections conducted by project management teams. In December 2010, we also conducted evaluations of 492 services suppliers, achieving an average score of 3.5 for health and safety (on a scale of one to four).

We have begun developing a new detailed appendix on occupational health and safety for contracts with services suppliers, in addition to the safety elements outlined in our supplier requirements. This will be rolled out in 2011. We also held sessions on health and safety as part of our CR workshops for services suppliers. See more on managing health and safety in our Global Services business (see Health, Safety and labor conditions page 33).

Conflict minerals

Stakeholders are concerned about human rights issues arising from the mining of minerals in conflict regions such as parts of the Democratic Republic of Congo. In 2010, we developed a conflict minerals policy making clear that we do not accept the use of conflict minerals in our products. It also requires all our suppliers who manufacture components containing tin, tantalum, tungsten or gold – identified through material declarations required for each product – to develop and implement a similar policy. We will amend our supplier requirements to include a commitment to this policy in 2011.

We continue to support industry efforts to improve the traceability of minerals through the conflict-free smelter program being set up by GeSI and the EICC. Once an effective industry tool is in place, we will require suppliers to provide a report demonstrating that the metals they use come from validated conflict-free smelters. This will help us – and our customers – meet the requirements of forthcoming US legislation requiring companies to publicly report on their use of conflict minerals.

Addressing working conditions in China

In May 2010, a series of suicides by workers provoked allegations of poor labor conditions at a major manufacturer in China that supplies many companies in the electronics industry, including Nokia Siemens Networks.

Following an investigation, we are confident that none of the affected employees worked on the production line supplying Nokia Siemens Networks. However, in light of these serious allegations, we increased our contact with the supplier to ensure that the issues raised are thoroughly addressed in all production lines.

Over the years we had carried out several audits and assessments of the supplier, most recently in April 2010. Some issues were identified related to monitoring of overtime and exceeding approved working hours. We required immediate corrective actions to address these issues. Follow-up audits have shown good progress and demonstrated the supplier's willingness to improve.

Case study

How an audit works

A team of four people carry out in-depth audits, including the supplier category manager as well as a CR specialist. At least two of them must be able to speak and read the supplier's local language.

Following an opening meeting with the supplier to explain the objectives and scope of the audit, the team reviews documents to assess policies and procedures and understand the supplier's management systems. They review records of training, working time, wages and benefits, as well as contract agreements to check compliance with regulations and our Supplier Requirements. A tour of key areas of the site follows (including production areas, warehouses, medical room, dormitories, canteens and chemical storage areas) to assess labor conditions and ways of working.

This helps to identify which workers to interview for a representative sample from all departments, usually between 10 and 20 people. Interviews are always held in an area where workers are likely to feel comfortable – never in the management office.

At the end of the second day, the auditors consolidate their findings and discuss them with the supplier. The supplier must respond with a corrective action plan within 30 days.

"The idea of our audits is not to 'police' suppliers, but to play a role in a program of continuous improvement," says auditor Mangilal Tekcham. "Once the audit is complete, we continue working with them to respond to our recommendations and implement improvements."

More on the web:

- Supplier requirements
- Conflict minerals policy

Health, safety and labor conditions

Protecting and respecting the people who work for and with us is a fundamental corporate responsibility and a customer requirement. The nature of our business involves high-risk activities and we are building a culture that recognizes and responds effectively to those risks.

2010 Highlights
- OHSAS 18001 certification achieved in 10 countries
- Piloted International Safety Rating System (ISRS) framework
- New reporting process rolled out globally

Progress against targets

Target	Progress in 2010	Status
Report global health and safety data using the new reporting system from 2010	The data reported for 2010 was collected using our new web-based accident reporting tool, which has been rolled out globally	Achieved
Achieve zero fatal accidents by collaborating closely with our customers and contractors	We deeply regret that five contractors died as a result of work-related accidents in 2010. We will continue close collaboration with customers and contractors to manage safety risks	Not achieved
Introduce the International Safety Rating System (ISRS) framework to improve Health and Safety management	We launched our ISRS roadmap and conducted ISRS assessments in 34 countries	Achieved
Develop and maintain in all operating countries a Health and Safety Management System that is aligned with OHSAS 18001 Health and Safety Management System Standard	Our global guidelines on Health and Safety Management Systems are aligned with OHSAS 18001 and apply to all operating countries. We are targeting certification to this standard in countries where customers require it	Achieved
Achieve OHSAS 18001 certification in selected countries with a focus on Global Services	We have achieved OHSAS 18001 certification in 10 countries where we have a strong focus on network implementation and other services	Achieved
Continue awareness raising of labor conditions with a focus on high-risk countries	We integrated the Maplecroft country risk index into our risk-assessment for labor conditions. The index is available to all employees and relevant global teams have received training on this (including CR, Ethics & Compliance, Procurement, and Health, Safety & Security)	Ongoing

Future targets

Target	Target date
Achieve zero fatal accidents by collaborating closely with our customers and contractors	Ongoing
Continue the International Safety Rating System (ISRS) deployment by defining health and safety risk category for all sites with more than 50 employees	End 2011
Implement a program on leadership and awareness of health and safety	End 2011
Achieve OHSAS 18001 certification in four additional countries	End 2011
Continue raising awareness of labor conditions with a focus on high-risk countries by using the Maplecroft country risk index to systematically categorize sites by level of risk, focusing on health and safety	End 2011
Increase coverage of incident data reported across the business	End 2011

Performance in 2010

Health and safety performance[16]

	2010
Total recordable lost-time incidents	118
Total recordable incidents	151
Recordable incidents in Global Services business	91
Total recordable incident rate in 2010 in Global Services (per 100 full-time employees)	0.31

[16] Both the global and Global Services figures are based on data from 61% of operating countries. The total recordable incident rate in Global Services is calculated using theoretical working hours: average global monthly working hours x headcount.

In 2010, we recorded consistent global health and safety data for the first time using our new reporting system based on the Occupational Safety & Health Administration (OSHA) guidelines. Health and safety teams across the business have been trained to use the system, which has been rolled out globally.

The health and safety data of this report covers 61 percent of operating countries. The number of recorded incidents is likely to increase significantly in 2011 as we continue to raise awareness and increase efforts to ensure that sites in all operating countries report incidents using our global system.

We are encouraged that 80 percent of employees responding to our Employee Engagement Survey in September 2010 believe Nokia Siemens Networks cares about the health and safety of its employees at work – up two points from 2009.

Fatalities

	2010
Total number employee fatalities	0
Total number of contractor fatalities	5

We deeply regret that five contractors died in 2010 while working on projects for Nokia Siemens Networks in Argentina, Bolivia, India and Indonesia. Four of these fatalities occurred as a result of falls from height during installation and preventive maintenance work on telecommunication masts. One was as a result of a road traffic accident while travelling to field sites.

Our thorough investigation determined that the root causes of the aforementioned falling incidents were ineffective application of safety controls and lack of knowledge about personal protection to prevent falls. In response, we have reinforced health and safety standards for performing installation and maintenance works through awareness campaigns and training for contractors in the countries where incidents occurred. We have also strengthened the process for supplier qualification (see suppliers, page 26).

Strategy

We are building a culture in which everyone accepts that health and safety is a shared responsibility. A robust management system underpins our efforts, which are based on risk assessments and a focus on the highest areas of risk. We work closely with contractors and other business partners to help them achieve the same high standards.

Our Code of Conduct sets out clear standards for labor conditions and we operate according to a detailed Global Labor Standard based on the International Labour Organization conventions.

Activity in 2010

The main emphasis in 2010 has been on embedding and strengthening our global Health and Safety program throughout the Global Services business and achieving certification to external standards. We are reporting consistent data on accidents for the first time, following the implementation of our new global accident reporting tool.

Health and safety in Global Services

Our Global Services projects carry the highest risks in our business. They include constructing base station towers, installing and maintaining equipment at height or in confined spaces. This work is often done by contractors and much of it is in emerging markets, where mobile networks are growing rapidly.

Our Network Implementation (NI) Health and Safety program, introduced in 2009, won the Nokia Siemens Networks Quality Awards in 2010 and received external recognition from Vodafone (see case study). We continued close collaboration with our customers to carry out the program, recognizing that our high standards can give us an important competitive advantage.

We have now begun to extend the NI global Health and Safety program to cover our Care (maintenance and technical support) and Managed Services (outsourced management of networks) businesses. This includes an ‘implementation kit’ that provides contractors with a set of health and safety guidelines, policies and procedures (see more on the web).

The program, being rolled out in 2011, is supported by web-based training targeting all Global Services staff. The training covers our Health and Safety policy, explains the indicators we use to monitor performance and raises awareness of health and safety processes in our project management tool.

Case study

Collaborating with Vodafone on Health, Safety and Wellbeing

In 2010, we worked closely with one of our biggest customers, Vodafone, to meet their requirements and improve safety management systems, particularly among subcontractors.

We ran joint workshops and training sessions on safety and have begun to implement ISRS and certify our operations to OHSAS 18001 in line with their requirements.

In October 2010, we hosted the third Vodafone Global Health and Safety Forum in South Africa. A number of Vodafone's key suppliers came together to share best practices that will help to improve safety performance of subcontractors working on network services in emerging markets.

Nokia Siemens Networks won Vodafone's first supplier award for health and safety in 2010 in recognition of our safety management systems and willingness to engage at all levels of the organization.

Health and safety in our factories

Our eight factories in China, Finland, Germany and India have well established local systems in place to manage health, safety and labor standards. Two of them – in Shanghai and Kolkata – have achieved certification to OHSAS 18001. We aim to achieve ISRS Level 7 (equivalent to OHSAS 18001 standard) for all our factories and a roadmap to achieve this will be developed based on our maturity assessments in 2011 (see below).

Factories share best practice and challenges, and we provide training on health, safety and labor conditions for relevant staff. To ensure consistent standards, we will extend the Health and Safety program developed for the Global Services business to cover our Manufacturing Operations in 2011.

External standards

In 2010, we began to introduce the International Safety Rating System (ISRS) framework, an internationally recognized safety evaluation system. We conducted assessments in 34 countries to help us assess the maturity level of our health and safety management system in each country. The findings will help us set an appropriate ISRS target level for each country based on risk and develop a strategy to achieve this. We will begin to deploy ISRS in 2011, prioritizing high-risk countries.

Our global guidelines on health and safety management are aligned with OHSAS 18001 and we are targeting certification to this standard for individual operating countries, based on risk and customer requirements. In 2010, we achieved certification to OHSAS 18001 in 10 markets: Albania, Australia, Germany, Ghana, Greece, India, New Zealand, Portugal, South Africa, and Turkey. We aim to achieve certification in four more countries in 2011.

Data collection

In most countries the law requires us to report accidents, but the reporting parameters differ from country to country. In 2010, we began to collect reliable and comparable accident data using our new global reporting tool. A key focus for 2011 will be to raise awareness and increase use of the tool to extend coverage of accident data. We encourage health and safety managers to report accidents and near misses monthly to enable us to proactively target 'hot spots' identified by the data.

More on the web:

- Nokia Siemens Networks Health, Safety and Labor Conditions policy
- Network Implementation Health and Safety program
- Collective bargaining (see GRI table LA4 on our website)
- Emergency preparedness
- Security
- Code of Conduct

Employees

Our people are crucial to our business success. We rely on them to meet the needs of our customers and aim to ensure they have the skills and motivation to do so. We want to offer an inclusive working environment that values diversity and challenges people to achieve their full potential.

2010 Highlights

- 73% employee engagement score in our employee survey, down two points
- 76% of employees have personal development plans in place
- Expert career path introduced to improve development opportunities
- Nearly €57 million spent on employee training
- More than 12,700 employees completed Service Excellence training
- Executive Board commitment to make gender balance a business priority
- First steps to building awareness on the business case for a more gender balanced workforce and leadership.

Progress against targets

Target	Progress in 2010	Status
Ensure over 50% of line managers participate in 'Consistency in Leadership' workshops	71% of line managers participated in 'Consistency in Leadership' workshops in 2010	Achieved
Launch Nokia Siemens Networks Leadership Code eLearning	Leadership Code eLearning modules have been introduced and more than 2,300 line managers have completed the training	Achieved
Improve our diversity and gender balance in our senior leadership positions	Women represent 11% of our senior leaders, up from 10% in 2009. We have continued to reinforce diversity in recruitment, leadership development and talent management, and our Executive Board has held a series of diversity workshops in 2010.	Ongoing

Future targets

Target	Target date
Achieve an employee engagement index of 75%	April 2011
Improve gender balance in our senior management	End 2011
Ensure all line managers have participated in 'Consistency in Leadership' workshops	End 2011
Train a further 6,500 employees in Service Excellence	End 2011

Performance in 2010

Workforce profile

	2009	2010
Total amount of employees at 31 Dec	63,927	66,160
Part time employees (% of total workforce)	2%	2%
Full time employees (% of total workforce)	98%	98%
Employees in production	1,822	2,081
New employees	12,226	11,788
Total amount of leavers	7,137	9,508
Voluntary leavers	4,992	5,974
Yearly attrition rate of voluntary leavers	8%	9.4%
Involuntary leavers	2,145	3,534
Leavers through common agreement or voluntary service package	1,880	683
Leavers through outsourcing and divestments	221	407

Employee engagement

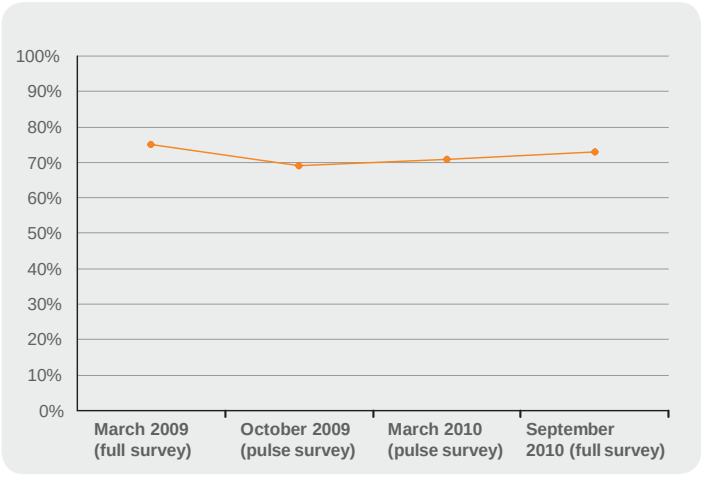
Employee engagement survey 2010 (% positive responses)

	Employee Engagement Survey (April 2009)	Employee Engagement Survey (September 2010)
Think		
I strongly believe in the goals and objectives of NSN	74	71
I fully support NSN's values	88	86
I understand how I can help NSN achieve its goals	85	83
Feel		
I would recommend NSN to a friend as a good place to work	61	60
I am proud to tell others I work for NSN	69	69
NSN inspires me to do my best work	65	63
I am passionate about what we do at NSN	62	62
Act		
I am personally motivated to help NSN be successful	85	84
I fully apply my skills and abilities to my work	83	79
Employee engagement index	**75**	**73**

In September 2010, we invited all employees to take part in our third annual Employee Engagement Survey – 89 percent responded. The Employee Engagement Index measures the extent of emotional, rational and motivational commitment employees have to work for Nokia Siemens Networks, in turn, associated with employee performance and discretionary effort. The index declined by two points to 73 percent from the previous full survey in March 2009 and is seven percent below the external telecoms norm.[17] However, we are encouraged that scores have improved from the interim "pulse" surveys in October 2009 and March 2010 which showed a steeper drop in engagement levels.

[17] Tower Watson Global Telecoms Norm based on data from 30 companies representing over 153,000 employees

Employee Engagement Index



Training and development

Training days and spend in 2010	
Total amount of training days provided by our Academy	162,646
Average number of training hours per employee	14.75
Total expenditure on training (including travel costs)	€57 million[18]
Average training expenditure per employee	€900[18]
Number of employees who participated in leadership training	530
Portion of employees with Personal Development Plan in place	76%

[18] Employees not covered by some data collection systems (2% of employees) and NSN training Academy personnel are excluded from these figures.

The Nokia Siemens Networks in-house training Academy provided nearly 15 hours of training per employee in 2010, through around 10,000 training sessions in nine different languages and more than 40 countries. At the end of 2010, Personal Development Plans were in place for 76 percent of employees. These plans provide a framework for employees to agree with their line manager on their personal and career development aspirations for the short and long term. All employees are also expected to receive an annual performance evaluation.

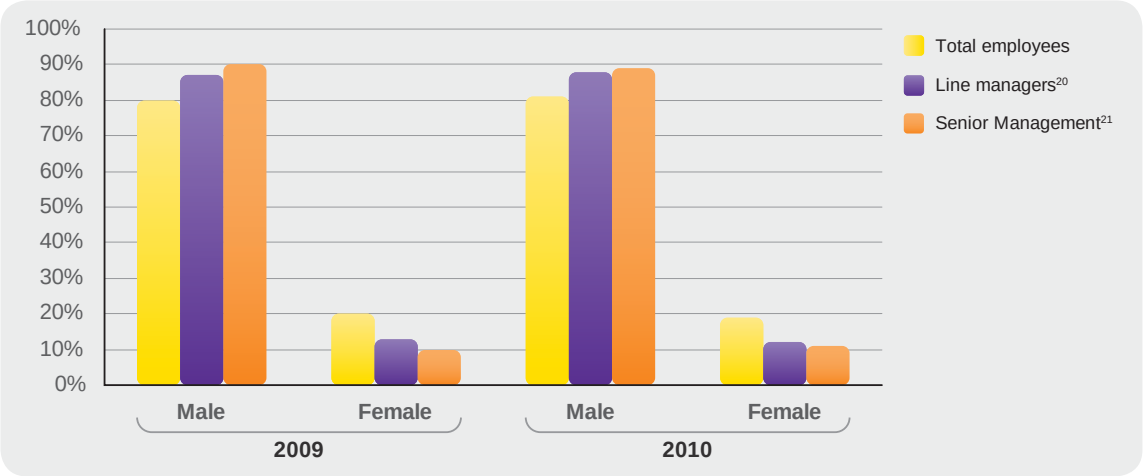
Diversity

Diversity index from employee engagement survey 2010 (% positive responses)

	Employee Engagement Survey (April 2009)	Employee Engagement Survey (September 2010)
My team has a climate in which diverse perspectives are valued	77	78
I feel that management supports equal opportunity for all employees	59	57
In my opinion Nokia Siemens Network does a good job of promoting the most competent people	45	-
I feel my line manager encourages the use of diverse backgrounds and skills to innovate[19]	-	70

[19] This question replaced the question on promoting the most competent people from the 2009 survey.

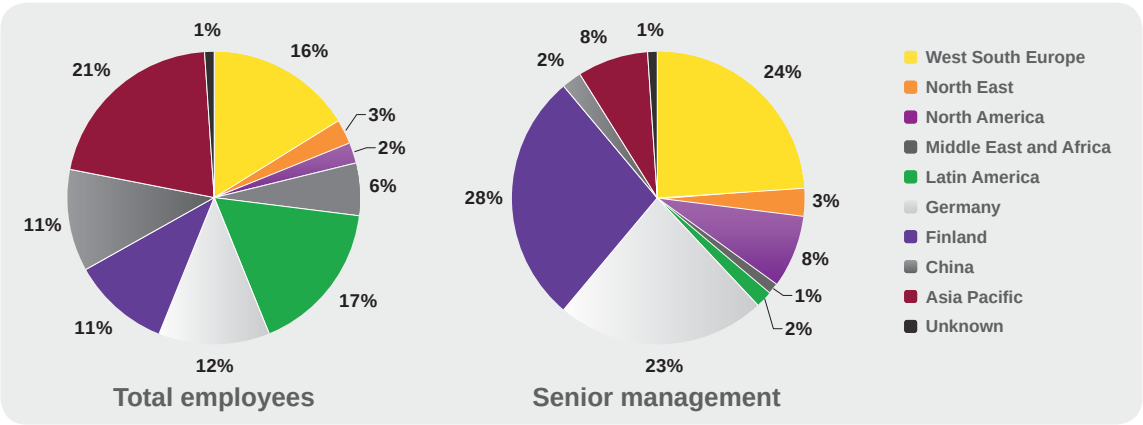
Gender balance



[20] Employees with one or more subordinates.

[21] Represents approximately top 400 employees.

Employees and senior leaders by nationality in 2010 (%)[22]



[22] Self-declared nationalities by employees represented by regions and the two home countries of the company, Finland and Germany.

In 2010, we continued working to improve diversity in our management and senior leadership roles. Approximately 150 nationalities are represented in our workforce and the proportion of senior leaders who are not from our parent companies' home countries (Finland and Germany) is increasing. In 2010, the proportion of senior leaders who are Finnish declined by 13 percent and who are German by eight percent.

Gender balance has not improved despite our efforts to raise awareness in 2010. This will be addressed in 2011 through continued awareness raising of the business case for a more gender balanced workforce and leadership. Although diversity remains a high priority for our business, our focus in 2010 has been on improving leadership development, engagement and development opportunities. This may explain that the portion of employees who feel that equal opportunities are supported by our management has declined.

Case study

Developing female talent in emerging markets

We have an opportunity to improve gender balance as we recruit and develop talented people to help grow our business in emerging markets. In India, for example, our Services business identified more than 400 talented engineers through a Graduate Engineering Training program – 30 percent of them women. The first 189 candidates joined the company in November 2009.

In Indonesia, we sponsored university places at Cumaude for four female students in 2010 through our Women in Technology Award to promote careers in engineering and ICT. We provide participants with additional training and work experience at Nokia Siemens Networks to encourage them to work with us when they have completed their studies.

Strategy

We want employees to be fully engaged with our business objectives and values, and create a culture that enables them to flourish. Clear communication, strong development opportunities and a focus on diversity all contribute to this.

Activity in 2010

We are changing our business to better meet the needs of customers in established markets and support rapidly growing telecoms networks in emerging markets. Programs across the business are developing the skills our people need to help us deliver this strategy, emphasising leadership development.

In 2010, we focused on engaging employees with our business strategy, keeping them informed of changes, and ensuring they have opportunities for career development. We are concerned that engagement levels have declined compared to last full survey in March 2009. We are encouraged though that the interim surveys since October 2009 show a steady positive trend. In July 2010 we announced our plan to acquire Motorola's mobile networks business. Planning for the integration of these new employees has been a key focus area in the integration planning already in 2010.

Change and restructuring

In November 2009, we announced our plan to improve financial performance and return to growth. The plan includes a global personnel review that we expected to lead to headcount reductions in the range of about seven to nine percent of our workforce. In 2010, first actions relating to the personnel review were implemented.

Where possible, we aimed to minimize the impact by introducing measures such as voluntary exit packages in Finland and temporary “short time work zero” contracts in Germany – two of our largest centers of employment. We also tried to reassign people within the business where possible. For example, in Portugal, we formed a cross-functional team to find new roles within the business for almost all 200 affected employees and only 11 ended up leaving the company.

Throughout these changes, we remain committed to treating people with dignity and respect. Clear communication is essential to keep employees informed of our strategy and to minimize uncertainty. We respect employees’ right to assembly and collective bargaining, and recognize local works councils in the countries where they exist. In 2010, we established a European Works Council to create a forum for management and employee representatives across the European Economic Area to share opinions over matters that significantly impact employees in these countries. This Council, comprised of 28 members from 26 countries, held its first annual meeting in Helsinki in July 2010. More on collective bargaining is reported in our online GRI Index.

Engagement

The two-point decline in our Employee Engagement Index in 2010 is likely to be the result of a tough economic climate, announcements on restructuring and changes in leadership. The lowest engagement levels were recorded in the countries most affected by changes in the business – Finland in particular. Interim surveys do show, however, that there has been improvement in the engagement index since October 2009.

Key areas identified for improvement in the annual Employee Engagement Survey are leadership and personal development, which will continue to be a priority in 2011. We will also closely monitor job satisfaction (which declined four points in 2010), performance and recognition, pay and benefits, workload and pressure (all declining by between two and three points).

Development opportunities and leadership potential

Responding to feedback from employees showing that fewer of them feel they have the opportunity for personal development at Nokia Siemens Networks was a key focus in 2010 and will continue to 2011.

We updated the ‘Career and Development Journey’ to support twice yearly reviews of performance and career opportunities with line managers. Designed to empower employees to identify and achieve their career goals, the Journey now includes a Career Navigator to improve understanding of the

Case study

Indonesia shines in Employee Engagement Survey

Indonesia achieved a 98.5 percent participation rate in the 2010 Employee Engagement Survey and demonstrated improved scores across all 16 categories since 2009.

In response to feedback in the 2009 survey, our Indonesian business addressed the areas identified for improvement, with a member of its leadership team nominated to champion each. Employees are regularly updated on progress and can provide feedback during dialogue sessions.

Training sessions have been introduced to help staff strengthen their leadership skills, with 360 degree feedback for leaders. In 2010, an annual competition, 'Be Superb', was launched for line managers to nominate employees for a special achievement or extraordinary contribution. This aims to improve recognition and support for employees, identified as a priority in Indonesia.

opportunities available and support people in making development plans. We also introduced an Expert Career Path to promote development opportunities based on expertise not just management skills.

We believe the most effective contribution to personal development is through learning on the job, but we also provide training through our in-house Academy and Global Leadership Solutions. More than 12,700 employees and 500 senior leaders have completed our two-day training program on Service Excellence. The training was launched in 2009 to create common methodologies and tools to provide exceptional customer service in line with "focus on the customer" – one of our five corporate values. All employees are encouraged to take part, with a priority on teams that interact with customers. In 2011, we aim to develop ways to measure the effects of the training on customer satisfaction.

Another priority in 2010 was to identify people with leadership potential and ensure clear and consistent leadership across the business. We piloted a new model to support line managers in identifying and developing people with leadership potential. We also introduced a program for line managers to promote Consistency in Leadership based on our leadership code and began rolling out 'License to Lead' training for all new and newly promoted leaders. More than 1,300 leaders have completed occupational personality questionnaires to gain feedback on their ways of working and further promote consistency.

A new model to identify leadership potential was piloted in 2010 and will be rolled out across the business in 2011. We are also implementing a new recruitment management system to reach the talent we need more effectively and to make hiring more efficient.

Diversity

In 2010, we continued to promote diversity through our global recruitment, talent management and leadership development processes. We ran a series of workshops on gender balance with our Executive Board, and aim to continue driving awareness of the business case for gender balance within the organization.

The workshops will be rolled offered to senior leaders in 2011, together with different awareness initiatives. Other areas of focus include talent management, mentoring and flexible working to help employees balance work and family commitments.

In addition to cultural awareness workshops and local initiatives to improve diversity in 2010 (see case study page 38), we are also placing greater emphasis on a diverse and gender-balanced talent pool in our new recruitment process. Improving development opportunities is also a priority in response to 2010 survey results showing that female employees have a less positive impression of this than their male colleagues.

Wellbeing

Wellbeing is an important aspect of a healthy, sustainable high-performance workplace. Feedback in the 2010 Employee Engagement Survey showed we need to improve the recognition of employees' performance and support from managers to help people balance work and personal commitments. In 2010, we introduced a 'wellbeing@work' program for line managers in Finland, including one-to-one and group coaching sessions and forums. We held 160 workshops for around 1,600 managers covering steps to ensure their own wellbeing as well as their responsibilities to their teams. This program will be rolled out in other regions in 2011.

More on the web:
- Our culture and values
- Leadership development
- Talent management
- Compensation and benefits

Community

In our community involvement activities, we aim to create long-term partnerships that focus on the benefits information and communication technologies can bring. In 2010, we sought to steer local activities to better align with our global focus areas for a bigger impact.

Strategy

Our approach to community investment emphasizes the benefits of long-term partnerships with reputable local or global charities. We choose to support projects where we can offer the biggest contribution by utilizing our core competencies in communications technologies – and where our employees can contribute most by volunteering. We focus on four key areas:

- Youth and education
- Disaster relief
- Connectivity
- Environment.

Activity in 2010

In 2010, we reviewed and revised the processes we have in place to manage our community activities with the aim of embedding systems that ensure activities are aligned with our focus areas, and are reported effectively and transparently. We aim to establish a network to share best practice on community involvement activities across the business in 2011.

We contributed to community projects through donations of money and equipment, and through employee volunteering programs. Much of our effort in 2010 focused on ICT projects that support education, including our work with Save the Children in Finland (see case study). We also ran a range of projects across the globe such as:

- China: In collaboration with mobile operator, Anhui Unicom, we provided funding for libraries and computers at four schools in Anhui province.
- India: We contribute to a Saturday Skills School run with the Swechha campaign to raise environmental awareness among young people, and provide funding and volunteer support for visually impaired children in Delhi in association with the National Association for the Blind.
- Kenya: Working with our customer, Safaricom, we set up a computer room at St Mary's School in the rural town of Kitui, providing ICT equipment and internet access for students and the community.
- Ukraine: We helped the Novograd-Volynskiy orphanage for children with disabilities buy much needed equipment in 2010, including a new fridge, freezer, microwave and boiler.

Our employees volunteer to support a wide range of programs that aim to connect the disadvantaged in their local communities. For example, in India they are helping disabled people develop the skills they need to enter the workforce. We aim to develop and promote tools to record employee volunteering activities more systematically in 2011.

Nokia Siemens Networks supported disaster relief efforts after earthquakes in Haiti, Chile and China, and flooding in Pakistan in 2010. In addition to financial contributions, our employees supported the Finnish Red Cross and Save the Children by volunteering to provide technical expertise to restore communications. This plays a vital role in coordinating relief efforts and targeting help where it is most needed. In 2011, we will explore the possibility of partnering with a non-governmental organization on disaster relief.

We also made a donation to Reporters Without Borders to support their work on freedom of expression around the globe in line with our focus on human rights.

Case study

Promoting safer internet use for children in Finland

As part of our work together with Save the Children Finland, we support the development of study materials for safer media skills widely used in schools – known as Hiiripiiri ("mouse club"). A new Guide for Teachers was distributed in 2010. We also helped to launch Löytöretkelle.net (Journey of Discovery), an interactive online campaign designed to help improve the safety of the internet for children and develop their IT skills.

"The project brings benefits to the children involved – such as increased confidence, knowledge of their rights, ability to protect themselves, and an opportunity to learn and practise important life skills," says Riitta Kauppinen, Save the Children Finland. "This empowers children as active and responsible citizens."

In 2011, the partnership will continue with a new project designed to raise awareness of children's rights, participation and wellbeing.

Case study

Responding to disaster in China

In April 2010, a devastating earthquake hit the Quinhai Province in China. The earthquake cost the lives of over 400 people, injured a further 10,000 and left countless families homeless.

As the rescue operation got underway, Nokia Siemens Networks took immediate action. An emergency radio car was sent to the disaster area and technical experts were on hand to provide on-site and remote technical support. Team members also provided vital support to local telecom operators in order to restore and maintain communications needed to coordinate rescue and aid missions in the region.

“Nokia Siemens Networks extended immediate help with its technical expertise to facilitate prompt rescue and aid that helped ease the great suffering brought by the earthquake,” says Zecheng Yu, one of our volunteers.

In the weeks following the disaster, we continued to provide the necessary financial and technical support needed to get local networks back to full capacity.

Case study

Water, sanitation and hygiene project (WASH) in Ethiopia

Ethiopia’s Halaba Special Woraba district experiences frequent water shortages, holding back important opportunities for development. Our partnership with Save the Children, established in 2008, provides wide-ranging support for affected communities through the WASH program.

Local infrastructure built through the program is benefitting an estimated 70,000 people and education projects are improving hygiene as well as boosting literacy. In 2010, Nokia Siemens Networks supported ongoing improvements to the water supply, including three new deep boreholes (bringing the total to 10). WASH also helped to form community-led communities to improve water management.

More on the web:

- Photos of our community activities around the world

KPI summary 2010

These are the key performance indicators through which we measure our performance.

A detailed list of indicators and reporting alignment to the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines can be found on our website: www.nokiasiemensnetworks.com/sustainabilityreporting

	2010	2009	2008
Environment			
Energy			
Total energy used in operations (GWh)[i]	518	551	609
Total product lifetime consumption (estimate) (GWh)	19924	16800	20500
Carbon footprint			
Total CO_2 from our operations (thousand tonnes)	258.5	286	313
Total CO_2 normalized by sales (g/€)[ii]	9	23	20
Health and safety			
Number of lost-time incidents[iii]	118	N/A	N/A
Employees[iv]			
Employee satisfaction / engagement index (%)	73	75	N/A
Diversity			
Senior leader gender balance (%)			N/A
Male	89	90	
Female	11	10	
Training and development			
Hours of training per year per employee	14.75	N/A	N/A
Ethics			
Percentage of employees who have completed online training on ethical business conduct[v]	92%	82%	50%
Suppliers			
Number of in-depth audits (focused on labor conditions and environment)	13	6	7

[i] Data cover all buildings larger than 3,000m², representing 80 percent of our overall real estate portfolio – including offices, research and development buildings, and factories.

[ii] For Nokia Siemens Networks own operations. Excludes purchased components and outbound logistics (no comparable figures for years prior to 2010).

[iii] Data cover 61% of operating countries.

[iv] Most employee related data covers 98% of employees because a small percentage (2%) of employees are not covered by some data collection systems

[v] Covers employees with online access (representing over 80% of employees).

Progress against targets summary

Target	Progress in 2010	Status	Future targets	Target date
Environmental impact of our products and services				
Improve the efficiency of GSM/EDGE and WCDMA/HSPA base station products by up to 40 percent by 2012, compared to 2007 performance	We are on track to meet this target	Ongoing	Ongoing	End 2012
100 percent of take-back handled by globally authorized contractors	Virtually all contractors are now authorized	Achieved	N/A	N/A
Develop an understanding of the carbon footprint of the take-back process	We will continue to increase our understanding over a longer period	No longer a formal target	N/A	N/A
Achieve full material content data collection for 90 percent of components in use at Nokia Siemens Networks by the end of 2012	We are well on track to meet this target	Ongoing	Ongoing	End of 2012
Complete feasibility study in 2010 into replacing phthalates	Study completed	Achieved	N/A	N/A
100% coverage for environmental data of packaging materials in corporate level IT system and environmental reporting system by 2013	We have loaded the first batch of packaging data into a new company-wide system	Ongoing	Ongoing	2013
Environmental impacts of our operations				
Reduce CO_2 emissions from our buildings by 30 percent by 2012, from the 2007 baseline[i]	CO_2 emissions from our buildings have already been reduced by 23 percent from the 2007 baseline	Ongoing	Ongoing	2012
Increase our use of renewable energy to 50 percent of our total electricity use by 2010[i]	50 percent of our total electricity use in 2010 was from certified renewable energy (purchased from the grid in Finland, Germany and Italy)	Achieved	N/A	N/A
Improve the energy efficiency of our buildings to reduce associated energy use by 34.3GWh by 2012[ii]	By the end of 2010, we had achieved a reduction of 16GWh in buildings energy use compared with business as usual through a range of efficiency measures identified by energy audits	Ongoing	Ongoing	2012
Reduce CO_2 emissions from our IT operations and use of IT products by 10 percent by the end of 2010, from the 2008 baseline	We have exceeded our target, reducing IT emissions by 14 percent compared with 2008 by improving the efficiency of our data centers and office IT equipment	Achieved	Ongoing	2015
Improve Data Center infrastructure Efficiency (DCiE)	The average DCiE across the business was 0.49 in 2010, a 17 percent improvement from 2009.	Ongoing	Improve Data Center infrastructure Efficiency (DCiE) to an average of 0.5	2015
Reduce emissions from new cars in our service fleet in Europe to 120g/km by 2010	We have not yet met this target, partly as we have focused on reducing total emissions (not just CO_2) by requiring particulate filters to reduce local pollution, and these are typically not included in the vehicles with the lowest CO_2 emissions per kilometer.	Not achieved	Ongoing	End of 2011
Ethics and human rights				
Review and simplify reporting channels for ethical concerns and the process for handling reports	Existing reporting channels have been consolidated and simplified, and all reports are now directed to and handled by the new combined Ethics & Compliance Office	Achieved	Establish a 24-hour telephone ethics reporting system available in key countries where we operate	End 2011
			Ensure all employees complete annual ethical business training	End 2011
			Conduct a further 200 anti-corruption training sessions	End 2011
			Review anti-corruption training materials to help employees understand the information more easily	End 2011
			Implement human rights due diligence process in line with the new Human Rights Policy	End 2011
			Train our sales, legal, procurement and R&D teams on the human rights policy	End 2011
Supply chain				
Implement a pilot assessment program on supplier occupational health and safety	We finished 9 pilots on Network Implementation health and safety program	Achieved	N/A	N/A
Conduct at least two supplier workshops in high-risk countries in 2010	Held five workshops– in Indonesia, Russia, Saudi Arabia, Turkey and United Arab Emirates	Achieved	Conduct at least six supplier workshops in high-risk countries	End 2011
Roll out industry-wide CR training among our key suppliers through our participation in the Global e-Sustainability Initiative	74 of our suppliers have registered for the industry training on CR, developed by GeSI and the EICC	Achieved	Roll-out industry training to suppliers on worker-management communication and occupational health and safety in high-risk regions	End 2011
Invite a further 30 suppliers (based on high energy intensity and business significance) to participate in our energy efficiency program	Of the 30 suppliers invited in 2010, 23 have joined our energy efficiency program	Achieved	N/A	N/A
Drive implementation of good practices through meetings and target-setting on energy efficiency	45 of our suppliers, representing 29% of our supplier spend, have joined our energy efficiency program and shared their targets and good practices.	Ongoing	Roll out Carbon Disclosure Project tool to track suppliers' progress on energy efficiency	End 2011
Conduct at least 100 system audits	Conducted 108 on-site system audits	Achieved	N/A	N/A

Target	Progress in 2010	Status	Future targets	Target date
Conduct in-depth process audits of eight suppliers	Conducted 13 in-depth process audits	Achieved	Conduct in-depth audits on labor conditions and environmental management of 16 suppliers	End 2011
Develop our internal reporting process on supplier audit findings	Shared findings of in-depth CR audits within our sustainability teams and with Nokia Group	Achieved	Develop our internal process for reporting supplier audit findings on a regional and global level	End 2011
Ensure that 70% of employees in our Global Procurement organization have received training on CR	70% of procurement staff have completed training on CR	Achieved	Ensure that 80% of employees in our Global Procurement organization have received training on CR	End 2011
Increase the number of auditors qualified to conduct in-depth audits to eight	Trained five more auditors in social accountability standard SA8000, bringing the total to six qualified auditors to conduct in-depth audits on labor conditions	Not achieved	Ongoing	End 2011
Invite a further 25 suppliers to join E-TASC	Invited 25 suppliers to join E-TASC in 2010. Eighteen of our suppliers are now using the tool, representing 16% of our supplier spend	Achieved	Ensure that suppliers representing at least 20% of our procurement spend have joined E-TASC	End 2011
Continue to review supplier responses submitted via E-TASC and work with these suppliers to help them implement recommendations for improvement	Held 25 meetings with suppliers to discuss E-TASC findings and opportunities for improvement	Achieved	N/A	N/A
Health, safety and labour conditions				
Report global health and safety data using the new reporting system from 2010	Data reported in 2010 was using our new web-based accident reporting tool, which has been rolled out globally	Achieved	Increase coverage of incident data reported across the business	End 2011
Achieve zero fatal accidents by collaborating closely with our customers and contractors	We deeply regret that five contractors died as a result of work-related accidents in 2010. We will continue close collaboration with customers and contractors to manage safety risks	Ongoing	Ongoing	Ongoing
Introduce the International Safety Rating System (ISRS) framework to improve Health and Safety management	We launched our ISRS roadmap and conducted ISRS assessments in 34 countries	Achieved	Continue the International Safety Rating System (ISRS) deployment by defining health and safety risk category for all sites with more than 50 employees	End 2011
Develop and maintain in all operating countries a Health and Safety Management System that is aligned with OHSAS 18001 Health and Safety Management System Standard	Our global guidelines on Health and Safety Management Systems are aligned with OHSAS 18001 and apply to all operating countries. We are targeting certification to this standard in countries where customers require it	Achieved	N/A	N/A
Achieve OHSAS 18001 certification in selected countries with a focus on Global Services	We have achieved OHSAS 18001 certification in 10 countries where we have a strong focus on network implementation and other services	Achieved	Achieve OHSAS 18001 certification in four additional countries	End 2011
Continue awareness raising of labor conditions with a focus on high-risk countries	We integrated the Maplecroft country risk index into our risk-assessment for labor conditions. The index is available to all employees and relevant global teams have received training on this (including CR, Ethics & Compliance, Procurement, and Health, Safety & Security)	Ongoing	Continue raising awareness of labor conditions with a focus on high-risk countries by using the Maplecroft country risk index to systematically categorize sites by level of risk, focusing on health and safety	End 2011
			Implement a program on leadership and awareness of health and safety	End 2011
Employees				
Ensure over 50% of line managers participate in 'Consistency in Leadership' workshops	71% of line managers participated in 'Consistency in Leadership' workshops in 2010	Achieved	Ensure all line managers have participated in 'Consistency in Leadership' workshops	End 2011
Launch Nokia Siemens Networks Leadership Code eLearning	Leadership Code eLearning modules have been introduced and more than 2,300 line managers have completed the training	Achieved	N/A	N/A
Improve our diversity and gender balance in our senior leadership positions	Women represent 11% of our senior leaders, up from 10% in 2009. We have continued to reinforce diversity in recruitment, leadership development and talent management, and our Executive Board has held a series of diversity workshops in 2010.	Ongoing	Improve gender balance in our senior management	End 2011
			Train a further 6,500 employees in Service Excellence	End 2011
			Achieve an employee engagement index of 75%	April 2011

[i] These targets have been agreed with WWF as part of our participation in the Climate Savers program

[ii] This target was previously stated as 'Improving the energy efficiency of our buildings to reduce associated energy use by six percent (from the 2007 baseline)'. As our real estate portfolio has reduced since 2007, we have changed the wording to provide a more accurate description of the target agreed through the Climate Savers program which is to reduce energy use by 6% compared with business as usual. 34.3GWh represents 6% of estimated energy use for business as usual in 2012.

Independent assurance report

To the Management of Nokia Corporation

We have been engaged by the Management of Nokia Corporation to perform a limited assurance engagement on selected Nokia Siemens Networks' Corporate Responsibility information for the year ending December 31, 2010 (hereinafter the "Selected CR information") included in Nokia Corporation's Sustainability Report 2010 and Nokia Siemens Networks' Sustainability Report 2010, as disclosed on Nokia Corporation's and Nokia Siemens Networks' website.

This assurance report is also for the information of Nokia Siemens Networks.

The Selected CR information consists of the following performance indicators and other items in the areas of Environment, HR and Supply Chain. The scope of the Selected CR information covers Nokia Siemens Networks Group.

Environment:
- Facility related direct and indirect energy consumption and related greenhouse gas emissions.
- Comparison of year 2010 CO_2 emissions to base year 2007 emissions. CO_2 emissions in base year 2007 have originally been assured by Ecofys Germany GmbH, and for that part PricewaterhouseCoopers Oy has relied on their assurance work. PricewaterhouseCoopers Oy has performed assurance procedures on base year recalculations.
- Green electrical energy portion of total electricity consumption.
- Energy savings in 2010 and 2010 year-end current status against the cumulative minimum savings target by 2012. Energy consumption in base year 2007 has been assured by Ecofys Germany GmbH, and PricewaterhouseCoopers Oy has relied on their assurance work. Hence no assurance procedures have been performed by PricewaterhouseCoopers Oy on this amount.
- Water usage in facilities (withdrawal amount and source, discharge destination).
- Air travel emissions.

HR:
- Employees in production.
- Total training cost.
- Training cost / employee.
- Lost day incidents.
- Total recordable incidents.
- Total recordable incidents rate in Global Services.
- Fatalities.
- Gender balance in senior management.
- Non-Finnish or non-German nationalities in senior management.
- Voluntary attrition
- Ethical business training participation rate.

Supply Chain:
- Percentage of suppliers having documented Environmental Management Systems (EMS) / certified ISO 14001 system in place for sites serving Nokia Siemens Networks.
- Percentage of suppliers having reduction targets for energy efficiency.
- Suppliers' compliance with Nokia Siemens Networks Supplier Requirements: number of suppliers under E-TASC and % average supplier E-TASC self assessment score.
- Suppliers' compliance with Nokia Supplier Requirements: number of supplier assessments and in-depth assessments.
- Supplier Satisfaction Survey results.
- Total number of Nokia Siemens Networks suppliers receiving CR training to date.
- Total number of workers (of suppliers) receiving CR type training to date.
- Total number of Nokia Siemens Networks procurement staff receiving CR type training to date.

Management's Responsibility

The Management of Nokia Siemens Networks is responsible for preparing the Selected CR information in accordance with the reporting criteria as set out in Nokia Corporation's own documented standards, Nokia Siemens Networks' own documented standards, GHG Protocol, and ISO 14001 standard.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the Selected CR information based on our work performed. Our assurance report has been made 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 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 CR 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 in 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 CR information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected CR information. Our work consisted of, amongst others, the following procedures:

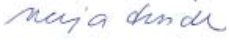
- Conducting interviews with relevant management of Nokia Siemens Networks Oy.
- Assessing how Nokia Siemens Networks Group employees apply Nokia Corporation's and Nokia Siemens Networks' reporting guidelines and procedures.
- Visiting Nokia Siemens Networks Oy's Head Office as well as a sample of three other sites in China, Germany and India.
- Conducting interviews with employees responsible for collection and reporting of the Selected CR information at Nokia Siemens Networks Group level, as well as at the sites where our visits took place.
- Inspecting relevant documents and systems for gathering, analyzing and aggregating the Selected CR information as well as performing tests on a sample basis.
- Assessing the data consolidation process of the Selected CR information at Nokia Siemens Networks Group level.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the Selected CR information has not been prepared, in all material respects, in accordance with the reporting criteria. Our assurance report should be read in conjunction with the inherent limitations of accuracy and completeness for corporate responsibility information. This independent assurance report should not be used on its own as a basis for interpreting Nokia Siemens Networks' performance in relation to its principles of corporate responsibility.

Helsinki, May 6, 2011

PricewaterhouseCoopers Oy



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