



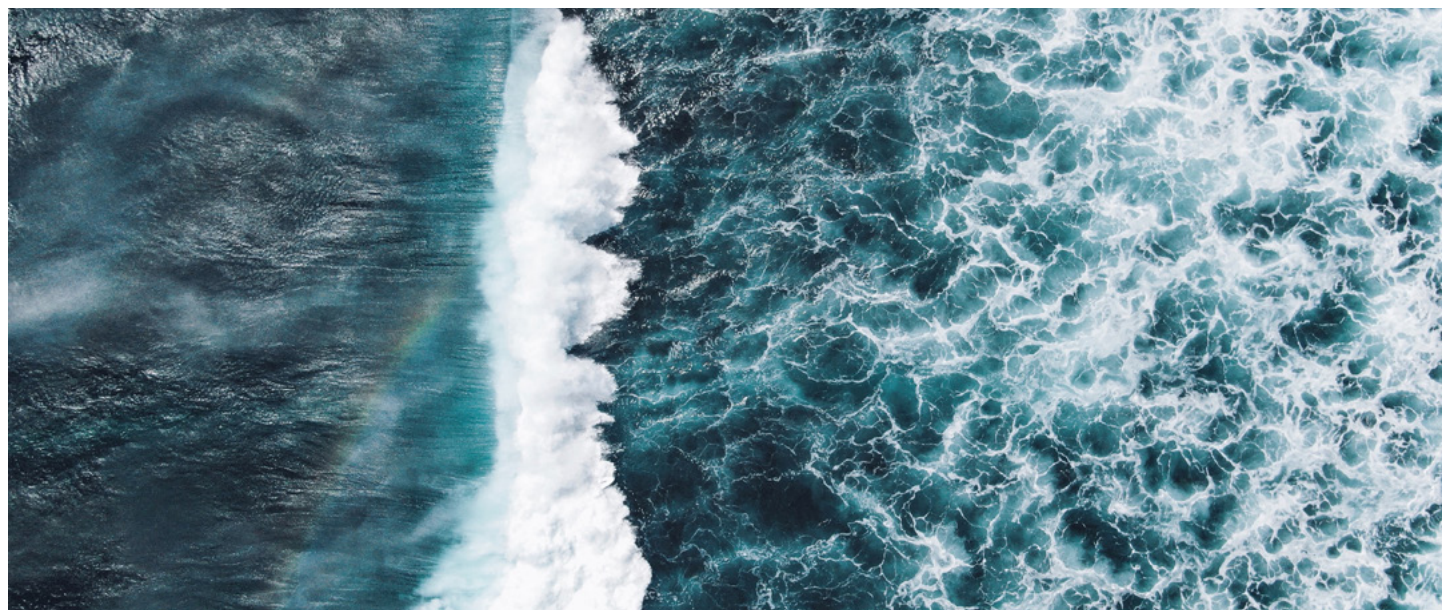
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# Sustainability report

Covering fiscal year 2020  
HMD Global Oy





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# Letter from the Executive Chairman

At HMD, we have a clear purpose – we believe in connecting the world without costing the earth. As a company headquartered in Finland, **sustainability has always been at the heart of what we do**. We are proud of our heritage and track record for robust, long-lasting devices that don't end up in landfill before their time. Our approach to sustainability is **continually evolving and improving** as we work closely alongside our partners and customers to achieve our goals.

In 2020, we doubled down on sustainability by integrating our sustainability management system into our business strategy. We focused on four key areas: environment, labour and human rights, compliance and sustainable procurement. To ensure meaningful action is taken, we developed a suite of policies, measures and key performance indicators that are tracked across the business.

We set up a systematic sustainable procurement strategy that includes regular supplier audits to ensure we promote sustainability throughout our entire value chain. This is just one example of the many steps we are taking to put sustainability at the heart of our business.

In 2020, HMD officially endorsed the 10 Principles of the United Nations Global Compact (UNGC) initiative. We are committed to **advancing ethical business practices** across our value chain to promote human and labour rights, environmental protection, and anti-corruption. On 4th August 2021, we submitted our first Communication on Progress (COP) report to the UNGC. It describes our sustainability management system and how it addresses each of the 10 UNGC principles.

To better understand HMD's carbon impact, we joined the Carbon Disclosure Project (CPD) in 2020. We will now report annually on our carbon footprint, carbon reduction measures and climate risk management strategy. We will include our supplier base to expand our reporting of Scope 3 emissions in 2021. We also joined the Global Reporting Initiative (GRI), whose standards are the foundations for this report.

We are also pleased that HMD has been accredited with the ISO 14001 environmental management system certification. We are currently working towards ISO 27001 for our information management system and ISO 45001 for our health and safety practices. This builds on the ISO 9001 Quality Management System certification we received in 2018.

In recognition of our efforts, we received a gold medal by EcoVadis in 2021 (up from Silver in 2020) – **putting us in the top 6% in our industry for commitment to sustainable practices**. We have ambitions to achieve platinum status which would put HMD among the top 1% for our industry.

There is no doubt that the last two years were challenging for businesses of all sizes across the globe. Yet, at HMD, we listened to our customers, partners and employees and put sustainability at the core of our business. Of course, like many organisations we are on a journey. We welcome your feedback, comments and suggestions so that we can learn and build on our sustainability efforts.



Jean-François Baril  
Executive Chairman

# About HMD Global

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# About HMD Global

HMD Global Oy, headquartered in Espoo, Finland, was established as a privately owned company in late 2016.

We manufacture Nokia branded smart devices running Android™ operating systems, uniting two of the most iconic names in mobile technology. Our devices feature a dependable design made to get better for years to come with updates that improve security and performance.

We offer choice and reliability to virtually every user segment from feature phones and first smartphones through to devices and services for enterprise. Within our first year of operation, we released 11 phones and established 50 offices around the world, quickly securing a foothold in the global market.

We are driven by the needs of our consumers. Our customers want three things— products and services they can fall in love with; devices they trust to be secure; and that they can keep for a long time. We call it the love it, trust it, keep it principles. These principles are inherent in each and every one of our phones.

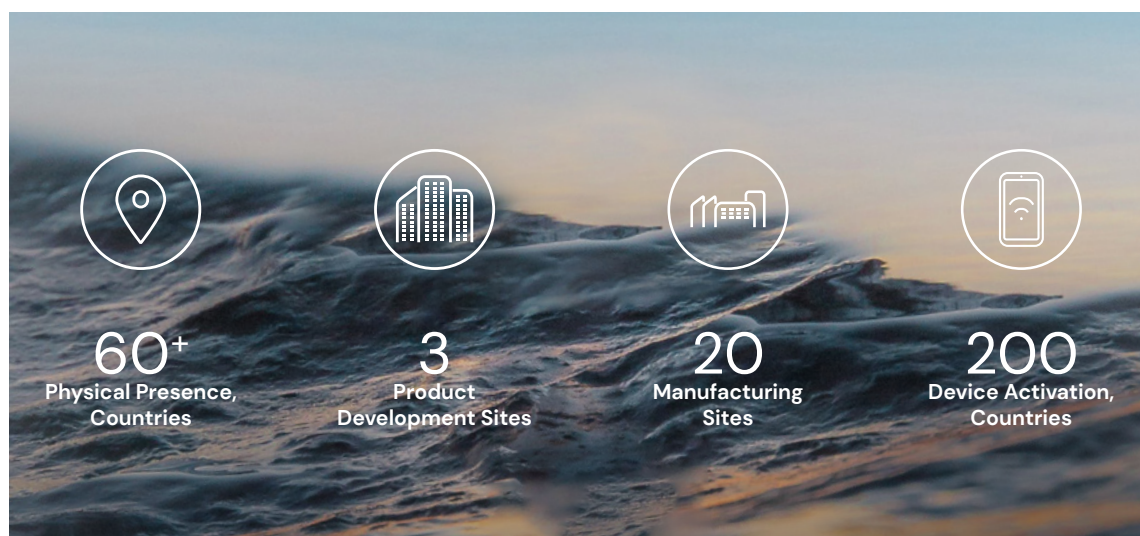
Fast forward to 2020 and we are still going strong. Our Nokia branded phones have been activated in over 200 countries worldwide. We now have a selection of accessories and connectivity product offerings.

We have secured 230 million USD in funding from top global strategic partners. We are proud to report that today we have 793 direct employees based in over 47 countries worldwide.

During the reporting period in 2020, there were no operational changes (i.e. facility openings, closings and expansions). Equally, no changes occurred with respect to our share capital structure or product offerings.

Its reputation for design and dependability made Nokia a household name. Today, HMD upholds that heritage with Nokia branded smart devices.

(GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-10)  
(GRI 102-10 Significant changes to the organization and its supply chain)





# Key achievements and accolades



6 awards won at iF Design Awards

Opened a brand new software security centre in Tampere



Announced our expansion in Brazil

Ranked top of the **Counterpoint Research Trust rankings** two years running for providing the most comprehensive software and security updates



Completed funding round with strategic investors

Launched our first ever 5G Nokia smartphone, the Nokia 8.3 5G



Entered a brand-new service category with HMD Connect Pro global data roaming

Top 5 mobile phone brand in many key markets across the world; such as Asia Pacific, Americas, Europe, Sub-Saharan Africa, North Africa



# Products and Services

HMD offers a range of hardware products, including Nokia branded smart devices running Android operating systems, and services for both consumers and enterprises.

A complete list of the HMD Brands, products and services are outlined below.

## Hardware

Smartphones  
Featurephones  
Tablets  
Accessories

## Consumer Services

HMD Connect  
HMD Mobile  
Extended warranty  
Insurance

## Enterprise Services

HMD Connect Pro  
HMD Enable Pro  
4th year of security patch  
Extended warranty  
Insurance



HMD is the exclusive licensee of Nokia brand for phones and tablets.  
Nokia is a registered trademark of Nokia Corporation.

## Brands

hmd. mobile   hmd. softlock   hmd. connect   hmd. enablepro   hmd. connectpro

# Sustainability Strategy and Governance

Our mission is simple – to connect the world without costing the earth. This means that every Nokia phone is built on the principles of refined design and reliability, regardless of the customer segment it is made for. A focus on hardwearing phones that are built to last, with parts that can be recycled, and a robust software and security upgrade programme has given us a reputation for sustainability.

We provide high-quality, long-lasting technology while always looking for innovative ways to close the loop, scale up renewables, and find greater efficiencies in everything we do. In 2020, we implemented a formalised sustainability management structure that introduced several policies, measures and KPIs for our environmental, social, compliance and procurement practices.

As part of this, we formed a sustainability workgroup. The principal role of the Committee is to assist the board of directors in articulating and developing its sustainability strategy and providing oversight of sustainability initiatives across HMD Global. This is done in line with HMD's purpose, values and strategy. This includes monitoring the content and completeness of HMD Global external statements, disclosures and other reporting on Environmental, Social and Governance ('ESG') matters.

The Committee, comprises a majority of senior managers and directors across all business functions including human resources, marketing, supply chain, quality management, design and finance. The workgroup has regular cadence of meetings at least four times per year but can be assembled on an ad hoc basis if required.

In 2020, we were awarded a Silver Medal by EcoVadis for our efforts, and a Gold Medal in 2021. We are a member of the ECorating initiative and the GRI initiative and have been reporting to the climate change reporting standard CDP since 2020. Since 2018, we have been ISO 9001 certified and, in 2020, we became ISO14001 certified. Further certification, including the ISO 27001 and ISO 45001 certifications are planned for the next two years.

## Connect the world without costing the earth

We are currently working on our enhanced Sustainability Strategy which will be released later in 2022. When it comes to sustainability, we apply the precautionary principles. We therefore have processes and policies in place to prevent any unwanted incidents from happening. We go above and beyond the regulatory and industrial requirements when it comes to the reliability of our devices software (SW) and hardware (HW).



# Stakeholder Engagement

Meeting our stakeholders' expectations and needs regarding sustainability is essential to our business, as is working collaboratively alongside them to achieve our goals.

We openly communicate with our stakeholders to foster transparency and trust.

We continuously engage with our stakeholders to improve our ways of working and, ultimately, the results of our actions.

Our stakeholders are selected based on ensuring our business continuity and growth, as well as ensuring we have a sustainable business. During the development of this report, we have actively engaged with internal stakeholders through workshops to seek their input on which material topics to include. For future reports, we aim to incorporate feedback provided by external stakeholders.

Below is an overview of who our stakeholders are, and how we engage with them.

Stakeholders	Key Topics & Interests	Engagement Channels	Actions taken to address stakeholder concerns
Customers	Product & service quality Product safety Product reliability Requirements Correctness of information Confidentiality	Care Centres Calls, emails Nokia Community Customer Satisfaction Surveys Contracts Company web page Social media	Great product experience Easy access to product & service information Address customer feedback Competitive pricing Industry leading HW & SW reliability Certified management systems
Partners	Product & Service quality On time delivery Brand reputation	Regular meetings Workshops Partner communication letters Contracts	Enhance partnerships Joint growth
Shareholders & Investors	Economic performance Risk Management CSR Topics	Investor meetings Board meetings Launch Events	Profit generation Improve ROI Robust risk management Regular supplier base audits to ensure CSR compliance

Table continued;

Stakeholders	Key Topics & Interests	Engagement Channels	Actions taken to address stakeholder concerns
Employees	Workplace health & safety Training & career development Employment stability Competitive pay & benefits Work-life balance Labour relations Corporate reputation	Work council All hands meetings/ Town halls Employee satisfaction surveys Speak up channel Newsletters Training Performance reviews Intranet/ Microsoft SharePoint^ Social events	Work/Life balance improvements All hands meetings Career development Investment in people development Compensation benchmarking Diversity promotion Gender equality promotion
Suppliers	Fair Trade Respectful business partnerships Shared Growth Labour & Human Rights protection	Speak up channel Requests for proposal Purchase agreements Regular meetings Emails, phone calls Workshops Contracts Supplier code of conduct	Fair Trade & joined growth promotion Clear contracts & POs Building trust CSR Audits to ensure compliance to requirements
Financial Institutions	ROI Corporate reputation Business ethics	Regular meetings	Financial 3rd party audits Efficient & accurate payments processes Policies in place & maintained
Governments, Regulatory Bodies & Specialized institutions	Compliance Health & Safety Fair trade	Meetings Communication letters	Monitor new regulations & laws Policies in place & maintained
Media	Transparent & on time disclosure of information	Press releases	Support news coverage Event participation
Competitors	Product information	Press releases Market trends	Market analysis Benchmarking

(GRI 102-44 Key topics and concerns raised)  
(GRI 101 Foundation 11 Stakeholder Inclusiveness)

^SharePoint is a trademark of the Microsoft group of companies.

# Materiality Assessment

As part of a strategic review of our sustainability approach, we carried out a materiality assessment with a deep-dive into our sustainability activities, requirements and achievements. The strategic approach is based on a number of factors related to our business and the impact on sustainable development.

- Global macro trends with impact on sustainable development
- Our regular engagement with various stakeholders
- Requirements and information requests especially from our customers
- Our corporate strategy and code of conduct
- International sustainability frameworks such as the Global Reporting Initiative (GRI) and the UN Global Compact

Our material topics as well as our management approach is outlined below:

Environment	Material Topic	Management Approach
	Materials used in the product life cycle	We are aiming for a closed-loop system, trying to recycle/harvest as much material as possible
	Energy used in our offices	Global Environmental, Health & Safety Policy in place, awareness training, carbon emissions monitoring, energy & emission reduction initiatives implemented
	GHG Emissions	Global Environmental, Health & Safety Policy in place, awareness training, carbon emissions monitoring, energy & emission reduction initiatives implemented
	Compliance	Ensure compliance to applicable regulations & laws. Alignment and certification of our management system with the ISO14001 standard

(GRI 101 Foundation 2.3 Identifying material topics and their Boundaries)  
(GRI 101 Foundation 2.4 Identifying material topics and their Boundaries)  
(GRI 102-47 List of material topics)  
(GRI 102-46 Defining report content and topic Boundaries)







(GRI 103-1 Explanation of the material topic and its Boundary)  
(GRI 103-2 The management approach and its components)  
(GRI 103-3 Evaluation of the management approach)

People	Material Topic	Management Approach
	Working Conditions	Working conditions in accordance with ILO requirements, additional benefits such bonus & pension schemes, health insurance, & employee satisfaction survey in place
	Non-Discrimination	Whistle-blower mechanism in place. Comprehensive contracts & requirements towards our suppliers followed with regular CSR audits
	Human Rights	Whistle-blower mechanism in place. Human Rights Risk Assessment undertaken. Comprehensive contracts & requirements towards our suppliers followed with regular CSR audits
	Freedom of Association & Collective Bargaining	Comprehensive contracts & requirements towards our suppliers followed with regular CSR audits
	Child Labour	Comprehensive contracts & requirements towards our suppliers followed with regular CSR audits
	Forced & Compulsory Labour	Comprehensive contracts & requirements towards our suppliers followed with regular CSR audits
	Talent Management	Attract, develop, retain & reward high-performing talent through structured training programs & career development plans
	Occupational Health & Safety	Maintain our health & safety management system & aim for the certification (ISO45001)
	Diversity & equal opportunity	Promote workplace diversity & equal opportunity. Policies in place. Religious facilities as well as handicap infrastructure in place for employees

Integrity	Material Topic	Management Approach
	Anti-Corruption: doing business right	Zero tolerance for bribery & corruption. Anti-corruption Policy in place as well as awareness training, risk assessments, internal control mechanisms, internal audits & whistle-blower mechanism
	Compliance: local & global environment regulations	Ensure compliance to applicable regulations & laws
	Anti-Competitive Behaviour	Comply with antitrust laws (US) and competition acts. Policies in place as well as awareness training, risk assessments, internal control mechanisms, internal audits & whistle-blower mechanism
	Personal Data Protection	Policies in place, Implementing information management system & certification (ISO27001)
	Product quality	Quality management system in accordance with ISO9001 in place
	Customer Health & Safety	Comply with product safety regulations & have robust control processes in place to minimize the impact of potential situation
	Compliance	Comply with all applicable regulations & extend our product development requirements to go beyond legally required levels
	Supplier Assessments	Sustainable procurement policies & processes in place followed by regular CSR audits
	Conflict Minerals	Conflict mineral policy in place which all suppliers are to adhere to as part of our contractual agreements. We also require affected suppliers to send their CMRTs

(GRI 103-1 Explanation of the material topic and its Boundary)  
(GRI 103-2 The management approach and its components)  
(GRI 103-3 Evaluation of the management approach)

We have published multiple of our key policies in our web pages [www.hmdglobal.com](http://www.hmdglobal.com):

- Code of Conduct
- Supplier Code of Conduct
- Environmental, Health & Safety Policy
- Human Rights & Labour Policy
- Anti-Bribery & Anti-Corruption Policy
- Anti-Discrimination & Anti-Harassment Policy
- UK Modern Slavery Act Statement

In order to report any violations with respect to these policies, we have set up a Speak Up channel reporting [link](#) for internal and external use.

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People

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# Working at HMD Global

There is no greater asset than our people. Creating a world class team requires us to take careful steps to hire and retain top talent around the world. In 2020, we employed 743 people across 47 countries globally with key hubs in Finland, China, India and the UK. Ensuring all of our employees and suppliers operate within an environment that is safe, secure and responsible is a key priority.



At HMD, wherever we operate we strictly adhere to local employment and labour laws. These include minimum wage requirements, maximum working hours regulation, minimum rest day requirements, regulation related to immigration, collective bargaining and freedom of association. Our Human Rights and Labour Policy and Code of Conduct clearly outline our approach, guidelines, procedures and standards.

Our employees are compensated for their work in conjunction with all applicable wage laws, including those related to minimum wages, overtime hours and legally mandated benefits. We operate within the ILO guidelines on working hours where laws and regulations are insufficient. We encourage and expect our contractors and suppliers to respect and follow local laws and regulations. Where local laws and/or enforcement is weaker than the EICC's Code of Conduct, we ask and expect our contractors and suppliers to follow the standards set by the EICC.

HMD is a family-friendly company. We support parents by providing parental leave for all staff to spend time with their new baby. In 2020, nine employees took parental leave (five male and four female), and seven of these nine employees (four male and three female) returned to their workplace during the reporting period.



As per our policies, HMD employees are entitled to flexible work arrangements including remote work and flexi-time (unless their role requires site/office presence) and healthcare coverage. In 2020, due to COVID-19 and local government laws and guidelines requesting to work from home, where feasible most of our staff worked from home during these periods. Some very specific roles required a small number of employees to be in the office during these times but HMD supported the health and wellbeing of all its employees by following local health and safety laws and guidelines. HMD also operates a discretionary bonus scheme based on company performance for permanent employees (except for employees in their first three months of employment at HMD). In 2020, HMD was able to issue discretionary bonuses to those eligible employees.

HMD provides a pension scheme in every country that it operates. For countries where there is no mandated state pension scheme, HMD contributes to private schemes to ensure that all our full-time and part-time employees receive pension contributions. In America, for instance, we contribute to the 401K scheme that all employees are eligible to join. In 2020, HMD contributed to 47 different pensions schemes.

During the reporting year, five (two male, three female) of our 743 employees were employed on a part-time basis and were all located in Finland. Three of these five part-time employees were also on a temporary contract.

HMD upholds employees' rights to freedom of association, peaceful assembly and protest, and collective bargaining. Everyone at HMD should feel empowered to communicate honestly with management regarding their working conditions without fear of discrimination, harassment, intimidation, penalty or reprisal as a consequence. Our suppliers follow the same principles and allow their workers to freely associate and give them the right to collective bargaining. In 2020, 15% of our employees based in Finland, Belgium, Austria, Italy and France were covered by collective bargaining agreements.

Through the above-mentioned measures, HMD strives to offer a stimulating and empowering work environment. To ensure the continuous well-being of our employees, we conducted a staff satisfaction survey. The latest iteration was conducted in late 2019. The survey showed that employees are generally motivated, enthusiastic and engaged and that they feel comfortable and safe to express their opinions towards management.



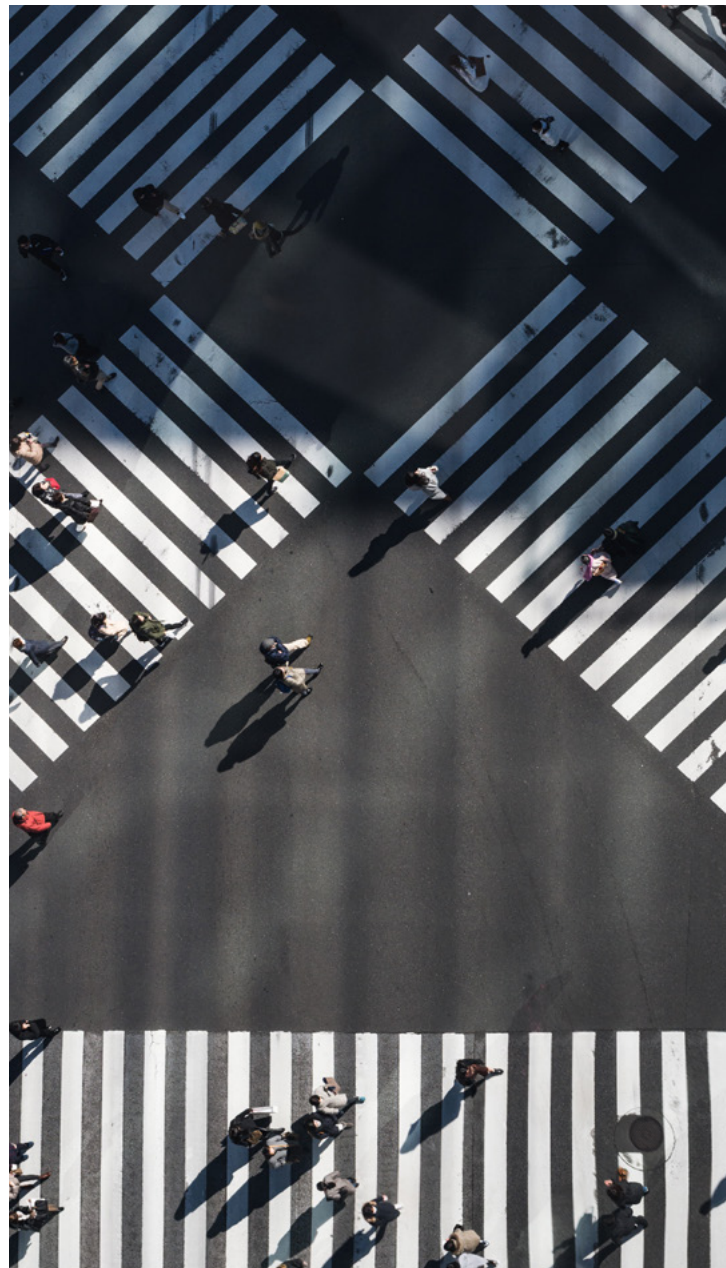
# Recruitment Principles

Attracting new talent to the organisation is crucial for us as a growing company. We have therefore established clear recruitment principles which are communicated to our potential candidates:

- Recruitment procedures shall be fair and transparent while complying with the legal requirements of the home country
- HMD seeks to recruit the best candidate for each role. The recruitment and selection process should ensure the identification of personnel who are competent to carry out the tasks they are employed for
- There shall be no discrimination on the grounds of religion, ethnicity, gender, sexual orientation or other factors (e.g. marital status, political opinion etc.)
- HMD will comply with all applicable labour requirements and international labour standards
- HMD will ensure that the recruitment and selection of staff is conducted in a professional, timely and responsive manner
- HMD will provide appropriate training, development and support to those involved in recruitment and selection activities to meet this core principle. If a member of staff involved in the recruitment process has a close personal or familial relationship with an applicant, they must declare this as soon as they are aware of the individual's application and avoid any involvement in the recruitment and selection decision-making process
- All documentation relating to applicants will be treated confidentially and in compliance with personal data protection and privacy laws

In 2020, 176 new employees joined HMD out of which 120 were male and 56 were female. A full overview of our new hires can be seen in the following table:

2020	All	<30	30-39	40-49	>50
New hires	176	31	83	53	9
Women	56	11	34	10	1
Male	120	20	49	43	8





# Employee Engagement

Communication is central to effective employee engagement. To maintain frequent communication channels with all employees, HMD holds regular global and regional 'Town Hall' and 'All Hands' meetings. At these meetings, our leadership team presents on commercial performance, new products and propositions, updates on all business processes and global announcements. We use these meetings also as an opportunity to celebrate success and highlight key milestones that have been achieved by the team. During the reporting year, eight 'All Hands' meetings were held across the entire organisation.

HMD is not a hierarchical organisation. Our leadership team operates an 'Open Door' policy, whereby employees are encouraged to make suggestions, highlight issues and present solutions to our C-level executives.



## Performance Management

At HMD, promoting a working environment that enables continuous learning is very important. We facilitate bi-annual performance reviews for all employees to provide feedback to help them to perform at their best.

We identify role-specific training for each employee. Training is conducted both internally, including on-the-job learning, as well as via external training programmes. In 2020, all full-time and part-time employees that received a discretionary bonus had a performance review. Staff on fixed-term contracts were eligible for a performance review.

If, despite all training and skill development efforts, an employee has to be dismissed, HMD ensures that the transition phase is as beneficial as possible for the employee in question. For example, in Finland, as per Finnish law, it is the employer's obligation to provide dismissed employees with the opportunity to participate in coaching or training that promotes employment, paid by the employer, if the employer regularly employs at least 30 people and the employee has been employed by the employer consecutively for at least five years before the end of the employment relationship. The coaching or training can either be arranged during the period of notice or in the beginning of the unemployment.

## Talent Management

HMD also runs a robust talent management programme, as well as training and development programmes to attract, develop, retain and reward high performing talent. We provide structured training programmes and career development plans that are focused on the individual's strengths, way of working and collaborating.

We recognise each of our employees for their overall contribution to the business, rather than commercial performance. We have a great track record for spotting exceptional talent and promoting those individuals into key roles. We prefer promoting internal talent before looking externally, offering excellent opportunities for employees globally.



## Staff Retention

Whilst a level of attrition is always expected, we work hard to ensure that any new hires possess the skills required to thrive. In 2020, HMDs' attrition rate was in line with the industry at 18.4%, of which 12.8% was voluntary. Our robust approach to talent management, performance monitoring and training is a key factor in helping our employees to achieve their best, maintain focus and motivation.

# Human Rights & Actions Against Child and Forced Labour

At HMD, we are committed to the Universal Declaration of Human Rights. Our labour and human rights strategy is closely aligned with the UN's Guiding Principles on Business and Human Rights, The International Labour Organisation's (ILO) Declaration of Fundamental Principles and Rights at Work, the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

To ensure that these principles are adhered to daily, we have implemented several preventative measures to ensure all human rights are upheld throughout the company. As an initial step, we conducted a human rights risk assessment for all our business units in 2020, compiling a global risk map highlighting any potential risks, root causes, and mitigation measures.



We have translated these principles into several internal policies that cover all of HMD's legal entities and applies to all employees and external partners working on HMD's behalf. These include our Code of Conduct, our Human Rights and Labour Policy and HMD's statement regarding to UK's Modern Slavery Act.

These documents set out a framework to ensure the protection of human rights throughout our entire value chain. They outline our contempt for modern slavery as well as child and forced labour, and emphasise people's right to free speech, freedom of assembly as well as the right to privacy.

To raise awareness about these risks amongst our employees, we rolled out Code of Conduct and Speak-up channel training a number of years ago. In these training sessions, everyone is not only made aware of the potential risks but also of our whistle blower mechanism, through which any human rights incidents can be reported.

HMD fully support acts of 'whistle blowing'. Anyone found to retaliate or take adverse action against an employee or other person for raising in good faith a concern shall be subject to discipline up to and including termination of their employment.





Our stance of being an employer of choice means that forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery or human trafficking is forbidden not only in our premises but in those of our suppliers. As part of our commitment to the UK Modern Slavery Act, we publish a statement of our action plans, progress and challenges annually.

At HMD we do not condone child labour and therefore no one under the working age, per local regulations, is employed by HMD or our suppliers. Where local regulations are not in place, we determine the minimum working age to be 15 or after compulsory education (whichever is greater). This is to ensure that young workers are protected from potentially harmful work tasks and do not work night-time hours.

It is our duty to continually monitor and improve our performance. This duty is replicated throughout HMD and our Executive Officers ensure that we have

adequate management processes in place. Our Senior Management review and update these systems regularly to ensure compliance and progress.

To measure and evaluate our efforts in protecting human rights, we have set ourselves specific KPIs. For instance, it is our goal to have zero incidents in relation to child labour and human rights. We have not received any reported incidents during the reporting period. HMD provided a training to its employees regarding human rights issues in 2020.

Our Original Design Manufacturing (ODM) partners are located mainly in China. We conduct regular CSR audits to ensure that no child labour cases occur in the region. We have zero tolerance for such activity. In 2020 we are pleased to report that we had no child and forced labour incidents found from our audits with our manufacturing partners.

# Human Rights Risk Assessment

We work closely with our key stakeholders with regards to identifying and assessing human rights risks. In 2020 we conducted a comprehensive human rights risk assessment with EY (Ernst & Young) with focus on Telecommunications Equipment and Electronic Sectors specific human rights risks and the human rights risks in countries where we have original design manufacturing partners and sales field force activities. The study included assessments on human rights risks specific to forced labour and modern slavery, child labour, working conditions and wages and discrimination. This risk assessment is in addition to and supplements our regular risk management processes.

This assessment helped us to focus on our supplier base by prioritising the auditing order for high-risk areas first. So far, we have audited all our global phone manufacturing operations, and expanded the audits in 2021 to include our accessory manufacturing facilities and operations.

## Screening

As part of our regular control activities, we conduct risk-based sanction screening to new vendors and customers, and ongoing sanctions screening for all already onboarded third parties. The sanctions screening includes several sanction lists in relation to forced labour and human rights abuse, such as UK Global Human Rights Sanctions (BOE), US Customs and Border Protection Forced Labour (CBPFL), US Department of Commerce Entity List (ERL), US Department of Treasury Specially Designated Nations Lists (SDN) and Brazil Dirty List Eradication of Slave Labour.



# Non-Discrimination & Diversity

HMD is an equal opportunity employer. As per our Code of Conduct and Human Rights and Labour Policy, our employees, contractors, job applicants, suppliers, partners and anyone who encounters our company should never be subjected to abuse, bullying or discrimination of any kind.

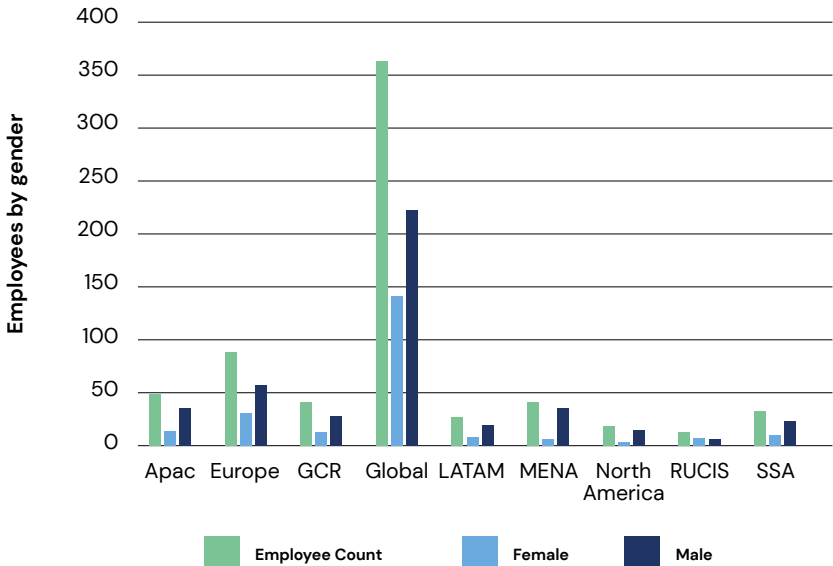
No one should be judged or treated differently due to a person’s race, sex, religion, marital status, pregnancy, nationality, ethnicity, disability, sexual orientation, expression or any other characteristic that leaves a person feeling unfairly treated. Under no circumstances would our employees or potential employees be subjected to medical or pregnancy testing that could be used in a discriminatory way.

During our anti-harassment and anti-discrimination training, HMD employees are made aware of the availability of facilities for religious practices as well as for people with disabilities. At our headquarters in Espoo, Finland, for example, we have offices over two floors which are connected via lifts to enable easy access for those in a wheelchair. To make all employees from various cultural and religious backgrounds feel welcome, we provide our employees a chance to celebrate local holidays and hold local parties honouring events such as Chinese New Year, Dragon Boat Festival in China, Midsummer in Finland, and host a Christmas lunch in the UK.

HMD has an anti-discrimination and harassment policy in place, which is available to all its employees. Should anyone fall victim to discrimination or harassment of any kind, we actively encourage them to report the incident through our Speak-up channel. In 2020, HMD recorded zero cases of discrimination and harassment.

In 2020, we measured the diversity of our employees and governance body by gender and age groups for the first time.

The results are as follows:



Employees by Age Groups

All	<30	30-49	>50
743	51	612	80

During the reporting period, HMD had a small four-person board consisting of four men (all over 50 years old). Its senior leadership team is larger and has a more diverse background. In 2021 our leadership team has two women and as the business grows, HMD is committed to ensuring a diverse and balanced representation on its board and senior management teams.



# Occupational Health and Safety

Providing a safe and healthy working environment for our employees is of the utmost importance to HMD. We operate a structured and comprehensive management system to ensure compliance with international standards, local laws and customer compliance and regulatory requirements.

Our approach to occupational health and safety is based on the recognised management system OHSAS 18001 and ILO guidelines. As part of this system, we will have a standard procedure in place to access and control the risks of accidents and injuries as well as occupational diseases in a proactive and preventative manner.

We have created a health and safety plan that covers all appropriate measures and have appointed a senior manager representative responsible for ensuring a healthy and safe working environment for all employees. We aim to be ISO45001 certified within the next two years.

We have established a dedicated Environmental, Health and Safety Policy as our main guidance document for health and safety. This document sets out our framework for preventing accidents, emergencies, occupational injuries and illness, and describes our training approach as well as hazard analysis and critical control points.

Some of the preventative measures implemented in the last few years include detailed health and safety risk assessments as well as regular internal audits on health and safety issues. We have also created emergency preparedness plans such as fire safety and first aid procedures.

To ensure the adherence to our policy, we provide health and safety training for relevant employees as well as for subcontractors working on company premises. We translated all health and safety procedures into all major languages spoken by employees to guarantee maximum awareness and understanding of these policies and procedures amongst staff.

Our Safety Committee oversees compliance with all guidelines and procedures. It comprises employee representatives, the physical Safety Manager and Deputy, Office Managers and HR and is usually chaired by employer representative. Since 2018, this committee has included workplace health and well-being representatives who look after the employees' physical and mental well-being. The committee's decision-making process relies on unanimous votes. All meeting outcomes are recorded and distributed via email to all attendees after the meeting and are used as baselines for subsequent meetings. The safety committee meets monthly.

Apart from including employee representatives in the committee itself, all staff are encouraged to actively provide input for the monthly committee meetings. In addition, during monthly 'coffee sessions' in our Finnish office, for example, the safety committee and HR team shares health and safety news with employees which provides another opportunity for staff to raise any concerns. In general, all health and safety announcements are made available to staff on the HMD Intranet.

Employee representatives are selected every two years and are required to be from a non-safety background.

(GRI 403-1 – 403-10)



As a result of our efforts,  
we have recorded  
**zero incidents** and  
therefore a lost time  
injury (LTI) frequency  
rate as well as lost time  
injury (LTI) **severity rate of 0**  
during the reporting period



# Our COVID-19 Response

To protect employees during the covid pandemic we have taken various extra measures, such as the following:

- HMD employees were offered the option to work from home (unless their role requires site/office presence).
- Employees feeling unwell are advised to stay at home and seek medical attention according to local guidelines
- Display awareness posters with prevention tips at our facilities
- Travel policy restrictions to avoid travelling whenever possible
- Implemented office-based testing protocols
- Supplied oxygen tanks/advance salary payments in countries such as India where employees may not have ready access to healthcare
- Supply of masks and hand sanitisation products at our offices
- Free covid-19 testing for business travel

In addition, HMD made the decision to donate Nokia phones to those who need to keep in touch the most – front-line health workers, COVID-19 patients and the elderly.



# Compliance

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# Anti-Corruption and Anti-Competitive Practices

HMD is strongly committed to conducting their business activities in compliance with the highest ethical standards. We have created a variety of business ethics policies to provide clear guidance on what we expect from our employees and external partners working on our behalf. Our suite of business ethics policies cover a large range of issues including Anti-Corruption and Bribery, Gifts and Hospitality, Conflicts of Interest, and Risk Management. As overarching guidance frameworks, we have implemented a Business Ethics Policy and a Company Code of Conduct outlining our values, principles, standards, and norms of behaviour.

Every employee is expected to understand and comply with the content of these documents at all times. All employees, including management, receive annual training and frequent communications on business ethics and our Code of Conduct, and we provide training resources via our employee Intranet. New employees receive training on our Code of Conduct and business ethics as part of their induction.

We also conduct regular compliance risk assessments covering anti-corruption and anti-competitive practices across all our sites. Being aware of any potential risks within our value chain enables us to set up appropriate preventative measures and control mechanisms to mitigate the occurrence of any incidents. These control measures include obtaining all necessary approvals before conducting any transaction (e.g. contracts, placing orders, receiving goods, processing invoices and making payments). All our internal control mechanisms are implemented according to our Internal Controls Policy and Framework. To promote our ethical standards and procedures across our various locations, we have established Regional Compliance Committees that ensure compliance with our Code of Conduct. These committees have regular meetings to discuss any ethical or compliance issues and handle any issues arising from these meetings.

The performance of our internal controls is regularly monitored and root causes for incidents and near misses thoroughly investigated. We conduct compliance reviews and internal audits to ensure our risk management, governance and internal controls are working effectively.



(GRI 103-2 The management approach and its components)  
(GRI 103-3 Evaluation of the management approach)  
(GRI 102-16 Values, principles, standards, and norms of behaviour)  
(GRI 102-17 Mechanisms for advice and concerns about ethics)  
(GRI 205-1 Operations assessed for risks related to corruption)



Employees must report all suspected ethics violations promptly through one of the various channels available to staff including our anonymous Speak-up channel. Any subsequent internal investigations are conducted by dedicated compliance and legal specialists, who are experienced in investigations procedures. It is our aim to review any reports within three business days. Should any breaches of our guidelines occur, disciplinary actions will be taken. In addition to reporting through our Speak-up channel, members of HMD management, Legal department, Compliance or Human Resources team can be approached, or concerns can be submitted directly via: [ethics@hmdglobal.com](mailto:ethics@hmdglobal.com). HMD has a zero retaliation policy to employees using the Speak-up channel.

Our Code of Conduct and ethical expectations are set and overseen by our management team which is held accountable to establish and implement an effective risk management and internal control framework. The same applies to our business partners who we hold accountable by incorporating our business ethics requirements into all contracts.

The effectiveness of our control mechanisms is measured in the number of confirmed incidents in relation to corruption, fraud, conflict of interest and anti-competitive practices within our own operations and our supply chain. In 2020, we recorded zero confirmed corruption incidents, zero legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and zero non-compliances with other laws and regulations. We are proud of this achievement and strive to keep up the good performance in the upcoming years.

(GRI 205-2 Communication and training about anti-corruption policies and procedures » (1 related metrics in other taxonomies))  
 (GRI 205-3 Confirmed incidents of corruption and actions taken » (3 related metrics in other taxonomies))  
 (GRI 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices » (1 related metrics in other taxonomies))  
 (GRI 419-1 Non-compliance with laws and regulations in the social and economic area » (2 related metrics in other taxonomies))



# High Risk corruption areas

We have assessed possible risk areas within HMD, and following areas were considered to be high risk areas for corruption:

- Organising hospitality events (e.g. accepting an extravagant dinner with a possible vendor)
- Making charitable donations (e.g. donating to governmental agencies)
- Attempting to speed up bureaucratic procedures (obtaining permits, licenses or other government approvals)
- Legislation in some countries excludes some small payments (facilitation, “grease” payments) from the scope of bribery. However, as a global company, HMD strictly prohibits all such payments

## Senior leader roles in preventing corruption

### Board

- Defining the accepted ethical behaviour through Corporate policies

### C-level Management Team

- Setting the tone from the top for the organization

### Leadership team

- Overseeing, identifying and managing risks through Regional Compliance Committees

### Controls & Compliance Team

- Providing training and support to organization, monitoring compliance

### Legal

- Providing legal support and guidance

### Direct line manager

- Supervising and supporting employees, management control



# Responsible information management

HMD respects privacy and complies with all applicable data protection and privacy laws including the EU data privacy regulations and the General Data Protection Regulation (GDPR). These set strict standards for respecting human rights, including freedom of speech. HMD phones do not, and will not, include any censorship capabilities or features. HMD's privacy policies and practices are monitored and validated by an independent privacy expert.

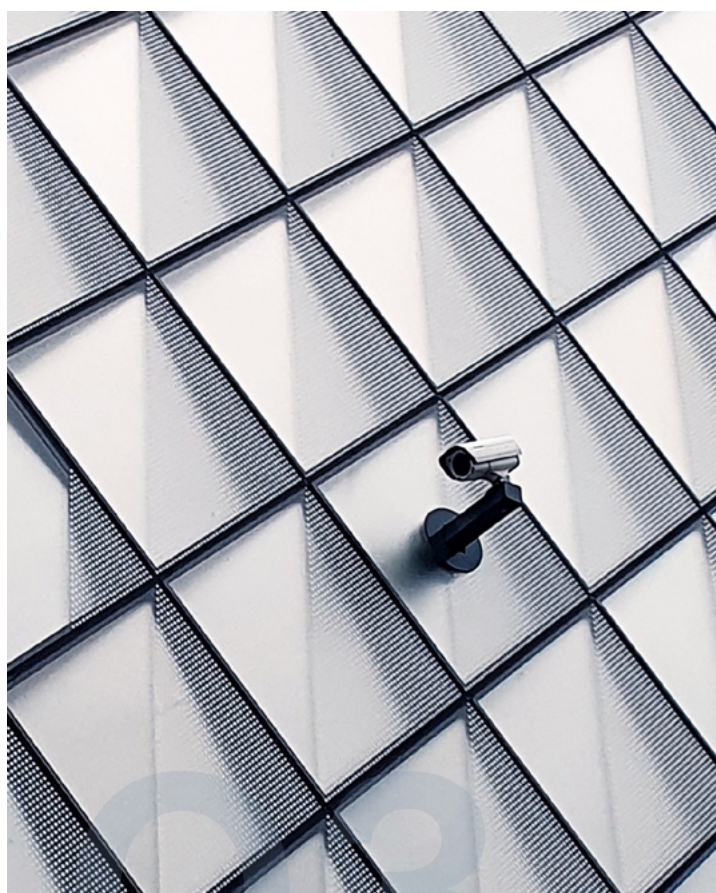
To monitor the compliance of privacy regulations, HMD has nominated a Data Protection Officer (DPO) that reports to the CEO. The DPO prepares an annual plan to determine appropriate level of priority for DPO duties and to determine the time needed to carry out necessary tasks to maintain compliance.

We are committed to protecting our customers' personal information and being responsible regarding any data that we collect, hold or use. Data collected by HMD from global smart phone and tablet device variants (that are sold e.g. in Europe, US, India) is stored at our servers in Finland provided by Google Cloud Platform. For our smart phone and tablet variants that are sold in China, the data is stored at our servers located in mainland China as required by local laws.

Honesty and transparency are crucial to us. Customers can easily access information on the HMD website about our data collection policies, which includes what type of data is collected when a phone is first activated. We clearly communicate software updates and critical alerts online and to each device. Our Privacy Portal allows easy access to the latest privacy policies and supplemental material. Links to privacy documents on the first page of device setup makes it easy for businesses and their employees to be security compliant.

Our commitment to data transparency has seen us ranked top of the Counterpoint Research Trust rankings two years in a row for providing the most comprehensive software and security updates. With this, HMD democratises security and goes beyond the already stringent Android Enterprise Recommended requirements. HMD deliver two times more security updates than most competitors in the first three years of device ownership. This will be recognised by the IoXt Alliance in February 2021, validating that HMD is building devices that strengthen the ecosystem and prioritise security.

Information security and privacy are not only crucial elements of the development and delivery of our products and services, but also for our internal processes. With a range of policies such as our Information Security, Personal IT, Business Ethics and Company Code of Conduct, we set out clear and responsible information management guidelines for every employee to comply with.





Our control measures consist of proactive as well as reactive risk management mechanisms. We regularly conduct training sessions and security risk assessments. We take preventative measures to ensure information and physical security. We limit access to our databases containing personal information to authorised persons only.

Furthermore, personal data is never transferred without ensuring it is safe, legal and compliant. We also have a Data Retention Policy in place to ensure data is securely destroyed in accordance with applicable law or contractual obligations.

As part of our reactive risk management mechanism, we have implemented an incident response procedure (IRP) to manage any occurring breaches of confidential information. Should anyone have concerns about the integrity of our responsible information management system, our Speak-up channel can also be used to report security breaches.

During the reporting year 2020, we recorded zero confirmed incidents in relation to disclosure of non-public information. Also, we had zero substantiated complaints concerning breaches of customer privacy and losses of customer data.



# Product Responsibility

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# Product Quality

Providing high quality products is essential to maintain our reputation and to ensure profits. We strictly follow standard quality assurance processes of the industry through standard certification processes such as ISO9001, IEEE standards and similar.

As Nokia brand licensee, HMD secures Nokia brand values in its own activities. Nokia brand values include quality, sustainability and reliable experience, we apply the inherited world-class development and quality assurance process from Nokia. The requirements associated with this process are shared and explained to all partners and suppliers, not only during the comprehensive onboarding process for new partner/supplier, but also monitored closely end-to-end throughout the development, production and after sales period.

HMD Global has over 50 tests for hardware durability which is above the industry average. In fact, Nokia phones are built for a lifecycle of more than three years (\*Source: [Nokia Phones Lead the Trust Rankings – Counterpoint Research](#)) thanks to their durable build. A rigorous manufacturing standard is followed for each product and this quality control process is known as one of the toughest in the world. Standard product requirement tests that were originally developed by Nokia are used as the minimum quality standard to this day by HMD Global. This includes over 50 tests just for hardware durability, including force measurements, vigorous tumble, wear and scratch, fatigue tests and more. We also require Standard product requirement tests from our suppliers too.

During the concept phase of a new device, we define the feature set, the development scope and timeline as well as very detailed quality assurance plan. Each development milestone and development phase have a very clear check list and documentation with clear input and output even using pre-defined reporting template to ensure that we can follow the details and have the right comparison against the references.

During each phase of development there is a clear weekly plan and expected results/ outcome, which has to be completed before the next steps start. The final development milestone requires a multiparty testing and quality assurance activity.

After sales start, we very closely monitor consumer feedback and investigate any potential hidden issues and resolve them quickly. This is most critical in the first few weeks to find any potential issues that were not identified in the early phases.

Our Early Warning Program monitors trends and feedback which might lead to a bad consumer experience or highlight a new quality issue. In case we see any risk of any issues, we take the needed action to understand the potential root causes immediately and solve them by adapting either the SW, HW or production process.

We apply a continuous improvement process by using the lessons learnt as well as user feedback and regularly update and adjust the quality requirements. Thanks to our widespread Care network and several physical and digital channels available to consumers, we are able to receive and address their queries.

HMD supports its partners to improve their processes and assure even higher quality standard not only to achieve better quality for HMD products but also helping the partner to deliver similar quality to their other business partners, through regular auditing the quality process and its implementation in production lines as well as assuring the fulfilment of our Corporate Social responsibility (CSR) requirements.



## Customer Health and Safety

Whilst ensuring a continuously high level of product quality, the safety of our products is another priority for us. We work with our suppliers and customers to promote responsible use throughout our products' life cycle. We have detailed environmental, health and safety requirements for all our products. This covers all aspects related to customer health and safety as well as product material and substance content and conformance lists, product construction and disassembly, labelling and marking, product related laws and regulations and safety instruction and testing standards. All our products meet the RoHS 2 requirements, a product-level compliance based on the European Union's Directives 2011/65/EU and EU 2015/863 on the restriction of certain hazardous substances in electrical and electronic equipment.

In 2020, we undertook product health and safety impact assessments for 100% of our products. During the same reporting period, we recorded 0 incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products.



## Customer care

We are proud of our ongoing commitment to customer care and support. On average we received an overall customer satisfaction score of 4.4 out of 5 in 2020. We offer customer support in English that is available digitally 24 hours a day, 7 days a week. During business hours, we provide support in 14 languages. We collect and analyse any customer issues globally in real-time and react to any concerns.

05

# Environment

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05

# Environment

HMD is proud of its heritage and commitment to building long-lasting, durable devices with recyclable components. We take our responsibility to help protect our natural resources, prevent climate change, and halt the degradation of our planet's ecological integrity seriously. To uphold our commitments to an environmentally responsible business, we have implemented a Global Environmental, Health & Safety Policy which all employees and external persons working on HMD's behalf are asked to adhere to.

This Policy enables the business to closely monitor its resources and uses effective operational and technical management to reduce waste creation and limit emissions to land, sea and air. Our 'design for the environment' process ensures that products comply with the latest standards in environmental performance. We monitor and improve product development, production, transport, use and end of life planning to prevent or minimise any ecological damage arising from our products.

To systematically formalise our environmental management approach, we have aligned our strategy with the ISO 14001 standard which we were officially certified with in 2020. As part of the continuous improvement process set out by the ISO 14001 certification, we regularly monitor energy usage, water access, usage and conservation, material input for our products, the use of hazardous materials and chemicals, and the treatment and control of waste generation.

We had zero reported non-compliances with Environmental laws and regulations in 2020.

## Energy and Greenhouse Gas Emissions (GHGs)

As part of our environmental commitments, we strive to continuously reduce our climate impact by measuring, recording, and reporting on our energy consumption and greenhouse gas emissions annually.

Since 2018, we have measured our scope 3 emissions from the transportation of our product to customers. We have significantly reduced these emissions by switching from mainly air transport to sea freight.

In 2019, the total electricity consumption across all HMD offices was 390,189,56 kWh per annum and 581.5 kWh per employee (based on 671 employees in 2019). During the reporting year, 24,059 tonnes of CO<sub>2</sub> equivalents were emitted.

We are now looking at how we can include further aspects of upstream and downstream value chain emissions (Scope 3) in the medium-term. From 2021 we will have calculated the GHG Scope 3 carbon footprint for HMD Global's operations globally. This will help to highlight areas for improvement so we can implement more targeted measures to reduce our greenhouse gas emissions. This will help us to increase awareness and give us further information that will help to form the actions that will be laid out in our sustainability strategy for 2022-2025.

Within our own operational boundaries, some of these measures include specific training sessions for relevant employees on climate change awareness. We have also implemented revised travel policies to minimise business travel and opt for virtual meetings instead. Should a business trip via plane be unavoidable, employees are encouraged to travel in economy class rather than business class.





# Resource Efficiency

## Water

As part of our environmental aspects and compliance assessment, all potential negative environmental impacts of our business operations were evaluated. Water consumption is limited to office bathrooms and kitchens and therefore not deemed material, but we manage these resources carefully.

Water does play a role during the manufacturing process of our phones which is outsourced to our original design manufacturers (ODMs). We require our suppliers to implement a comprehensive system that monitors, controls and treats wastewater created by their operations and products. We also expect our suppliers to comply fully with wastewater management obligations which includes having all the required permits and approvals in place.



## Waste

Alongside our guidelines on the efficient use of water, we encourage suppliers to monitor the amount of waste produced regularly and obtain any permits and approvals where necessary. We further expect them to align their operations with the 'EU Waste Hierarchy' model. This means, that wherever possible, they should aim to Reduce, Reuse, Recycle and Reclaim to reduce the amount of waste created during the production process and increase the volume of recycled waste.

In addition, the same logic applies to any internal waste management process. We monitor our own waste regularly and have implemented measures to reuse or recycle waste. As per our recycling guidelines, each employee is encouraged to separate waste into dedicated waste bins. For instance, we have special bins for cardboard, bottles and organic waste. We also work with external providers to safely dispose of batteries and ink cartridges that are collected and recycled in their facilities.

With respect to our IT equipment, we aim to limit our internal IT devices to employee laptops and office printers. All our servers are cloud-based and outsourced to third-party providers, further reducing our environmental footprint. Older laptops – if still technically sound – are restored and given to new employees to avoid any unnecessary electronic waste. At the end of their life, however, all our electronic devices are sent to specific electronic waste recycling companies.

# Product use and Product end-of-life

‘Sustainability Through Durability’ best describes HMD’s approach towards product design. Nokia smartphones have a superior build quality and are made to last. All Nokia devices undergo 50 rigorous assessments before being approved for sale. This makes us an industry leader when it comes to product testing.

From force measurement to, wear and scratch, we are confident that our products are durable, reducing the amounts of resources used and waste created. As mentioned before, for many of our products we deliver software upgrades for two years and security patches for three years to reduce the phone replacement rate for the customer.

We strive to integrate eco-design features in our products to limit the amount of energy used during the product’s use and waste at its end-of-life through easy dismantling designs and recyclable materials. In 2020, we undertook lifecycle assessments for 100% of our phones to understand where we could optimise product design to have the least environmental impact as possible.

100% of our smartphones obtained an Eco Profile\* and ECOrating score\*\* during the reporting year to provide maximum transparency to customers about the ecological impact of our products. The Eco Profiles can be accessed via our website and include information about any materials and substances used, information on the packaging, recyclability rate and energy efficiency of the product. The ECOrating score is made up of the individual scores for the phone’s durability, recyclability, repairability, use of hazardous substances, recycled materials content, waste packaging and accessories, as well as climate and resource efficiency.

Our phones are made with metals such as gold, stainless steel, copper, zinc, aluminium and precious metals, ceramic materials such as glass and other ceramics, plastics including ABS/PC, PET, PA and epoxy, a battery made of lithium cobalt compound, graphite, aluminium and copper and other materials such as silicon and glue. For the next reporting period, we aim to report the exact weights for each of these categories. At this point, none of these materials are recycled due to product quality restrictions, however, our packaging is made of 100% recyclable materials.\*\*\*

## Sustainability Through Durability

### Circularity

One topic that has become increasingly important over the last few years is the concept of ‘circularity’. Circularity, or being part of the circular economy, follows the principles of ‘reuse, share, repair, refurbish, remanufacture and recycle’ to create a closed-loop system. The aim is to keep products in use for longer, thus improving the productivity of materials and resources. This is considered a regenerative approach in contrast to the traditional linear economy, with its ‘take, make, dispose’ mentality.

\*[nokia.com/phones/en\\_int/environmental-profiles#environmental-profiles](https://nokia.com/phones/en_int/environmental-profiles#environmental-profiles)

\*\* Products ranged by ECOrating consortium’s operator received and ECOrating score [ecoratingdevices.com/#about-us](https://ecoratingdevices.com/#about-us)

\*\*\*When phone case protected with CPE plastic bag is not included in the country sales package.

At HMD, we have been working hard to shift our business model towards a more circular model. Extended Producer Responsibility (EPR) Compliance with relevant environmental regulations is an important part of our circularity approach. EPR regulatory programmes aim to decrease the environmental impact of products by making the manufacturer responsible for the entire life cycle of the product, especially end-of-life (EOL) management through product take back.

HMD takes part in the European Take back programme for packaging, battery and WEEE schemes. The Waste Electrical and Electronic Equipment Directive (WEEE Directive) is the European Community Directive 2012/19/EU on waste electrical and electronic equipment (WEEE) which, together with the RoHS Directive 2011/65/EU, is the European Community Directive 2012/19/EU on waste electrical and electronic equipment (WEEE) became effective 2014 and the RoHS Directive 2011/65/EU became effective in 2013. All our products comply with the processes described in our End-of-Life (EOL) procedure and are marked with the crossed-out wheeled bin symbol and a producer identification mark/producer registration details in accordance with the electrical and electronic equipment (EEE) guidelines.



Another initiative we have in place is our wall charger removal project. For the new Nokia X10 and Nokia X20 we have removed the charger from the sales package. We know that, on average, mobile phone users in the EU have three wall chargers at home, with over half (56%) concerned about the amount of e-waste they generate.<sup>^</sup> In addition, according to the European Commission, mobile phone chargers were responsible for around 12,000 tonnes of e-waste in 2019 in Europe.

Not supplying one with a new phone is our first step towards addressing the issue of e-waste and is designed to encourage our consumers to think about sustainable consumption. This is not a cost saving exercise as we have included a free 100% compostable case, extended warranty, three years of monthly security updates and three years of OS upgrades instead.

The removal eliminates the 51.4 grammes of materials used to make each charger and the energy required to process and manufacture the item, as well as reducing the weight of the total sales package by over 11%. A reduction that reduces emissions generated during logistics.

Upon receiving their phone, customers can use the USB lead in the sales box to charge their devices via a USB wall socket, computer port or mobile battery pack. If consumers do need a wall charger, they can order one online from our website.

Another additional e-waste reduction initiative is our component harvesting project. As a part of this initiative, we harvest precious metals and materials from old devices that would otherwise end up in landfill. We then reuse these components and feed them back into our repair operations. In 2020, we harvested 414 kg of material and therefore saved 5,378 kg of waste.

We also offer an online recycling service. Our online recycling service is currently available across the European Union, Norway, Switzerland, United Kingdom and the United States: [https://www.nokia.com/phones/en\\_us/support/topics/recycle](https://www.nokia.com/phones/en_us/support/topics/recycle)

<sup>^</sup>According to a study by the European Commission, "Impact Assessment Study on Common Chargers of Portable Devices"



06

# Sustainable procurement

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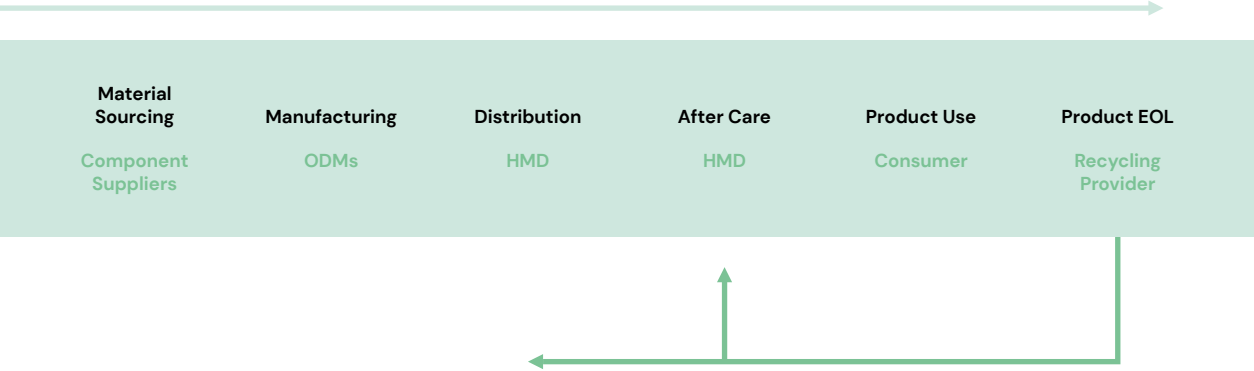
06

# Our value chain

HMD Global Oy is the exclusive Nokia trademark licensee for mobile phones and tablets and the manufacturer that orders products from Original Device Manufacturers (ODM) factories under ODM agreements. ODMs deliver products to HMD who then sell and distribute products to customers directly or through distributors. HMD also takes care of post-sales services (After Care) and logistics activities.

The direct sustainability impact of our operations therefore stems from our office activities which has been described in previous chapters. We do recognise that our social and environmental responsibility extends far beyond our company boundaries, as the majority of our impact lies in either our upstream or downstream (chapter 5.3) value chain.

Our value chain is as follows:



Component harvest where possible to feed back into the manufacturing cycle

As part of our upstream value chain, tier 1 suppliers comprise nine phone ODMs and four accessories ODMs. These ODMs in turn work with their own suppliers, our tier 2 suppliers, to procure mainly plastics, components and precious metals for the manufacturing process of the devices and accessories. When it comes to procuring chipsets, however, HMD has a direct relationship with the main chipset vendors for mobile devices to assure competitive prices, quality, and robust security.

As this is our first sustainability report, this data will form the baseline for future reports. Therefore, no changes in the location of suppliers, the structure of our supply chain, or relationships with our suppliers can be noted for the reporting period.

(GRI 102-9 Supply chain)  
(GRI 102-10 Significant changes to the organization and its supply chain)

# Social and environmental aspects

Establishing a good working relationship with our suppliers is integral to our business. We expect our suppliers to share the same values regarding environmental protection and social responsibility as us.

All new suppliers sign up to the guiding principles outlined in our Supplier Code of Conduct (SCoC) when they start work with HMD. The SCoC outlines what HMD expects from its suppliers in relation to Human Rights & Labour, Business Ethics, Environmental, Health and Safety and Management practices. HMD assesses suppliers according to their conformance to this code and any violation of it will result in remedial actions. Failure of our supplier to comply with this code or the remedial actions set could result in termination of the business contract.

With respect to the environment, the SCoC states that suppliers must have an environmental management system (EMS) in place that aligns with the ISO14001 standards and that they are to regularly review applicable environmental legislation, regulations and customer requirements and can supply evidence of their compliance as requested. For our relevant manufacturing partners, we request full compliance with ISO14001 or the Eco-Management and Audit Scheme (EMAS) as part of our contractual requirements. Another requirement in our supplier contracts is that suppliers implement an occupational health & safety management system that complies with the OHSAS 18001 or similar internationally recognised standards.

With respect to business ethics, the SCoC prescribes that suppliers operate by the same ethical standards we set ourselves and comply with the related policies and procedures, and all applicable national and international laws. Similarly, we expect suppliers to commit to creating jobs that have a positive impact on peoples' lives. This applies to all direct or indirect workers, permanent and temporary workers as well as students and migrant workers or any other type of worker.

During the reporting year, 100% of ODMs agreed to our Supplier Code of Conduct.



# Supplier Assessments – CSR audits and requirements compliance

To ensure compliance with our SCoC, we perform periodic on-site audits – following JAC and SA8000 requirements – throughout our supplier base. So far, we have audited our suppliers in China and Vietnam but are looking to extend the coverage to other locations in the medium-term.

## Criteria used to audit our suppliers

- Non-tolerance for Child Labour & Juvenile workers
- Non-tolerance for Forced Labour
- Health and Safety
- Freedom of Association
- Non-tolerance for discrimination
- Disciplinary Practices
- Working Hours
- Wages and Compensation
- Environment
- Business Ethics

## During the reporting year 2020

- 100% of our global phone ODM factories were audited by 3rd party company per JAC/SA8000 requirements
- 100% of the audited factories had valid certificates for ISO14001, ISO45001 and OHSAS18001

In 2020, we carried out 12 corporate social responsibility (CSR) audits at our global phone manufacturing sites using 3rd party auditing company. We have a minimum requirement of a level B rating for all our suppliers.

(GRI 308-1 New suppliers that were screened using environmental criteria)  
 (GRI 414-1 New suppliers that were screened using social criteria) (4 related metrics in other taxonomies)  
 (GRI 414-2 Negative social impacts in the supply chain and actions taken) (2 related metrics in other taxonomies)  
 (GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk)





# C.4

## Conflict Minerals

Due to the nature of our business, the avoidance of conflict minerals (tin, tantalum, tungsten and gold – 3TG) is an important aspect of our procurement activities.

We are fully aware that the illegal extraction and trade of these minerals is fuelling military conflict in some countries and may also cause human rights violations and environmental degradation. We actively collaborate with our industry peers through the Conflict Free Sourcing Initiative set up by EICC and GeSI to improve traceability of minerals and ensure responsible sourcing.

We have implemented a Conflict Minerals Policy which outlines that suppliers must commit to sourcing those materials from environmentally and socially responsible sources only. Materials, which either directly or indirectly contribute to conflict, are unacceptable to us and suppliers providing those will strictly be excluded during our supplier pre-selection process. These principles are a legally binding part of our supplier contracts.

To ensure compliance with our requirements, we conduct due diligence according to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Equally, we ask suppliers to conduct due diligence within their own supply chain and require them to report on their sourcing of 3TG and maintain the data for five years.

During the reporting period, 100% of all relevant suppliers provided their conflict mineral reporting template (CMRT), and this is done for 100% of our phone models.

Should any concerns about conflict minerals arise, interested parties are encouraged to voice and record them through our Speak-up channel. To raise more awareness amongst our supplier base, we strive to build capacity through increased training and regular feedback loops to suppliers.



# Memberships and External Initiatives

As part of our ongoing commitment to sustainability, we have aligned our sustainability strategy with internationally recognised standards. As part of this, we have established partnerships with a variety of key sustainability initiatives and best practice member groups. Overall we invested over EUR 50,000 in 2020 with membership and sustainability organisations including the CDP (Carbon Disclosure Project), the United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI).

HMD Global joined the Carbon Disclosure Project in 2020 and participates in its Climate programme. The Carbon Disclosure Project's vision and mission is to see a thriving economy that works for people and the planet long term. The project works with companies, as well as investors and cities, to build a truly sustainable economy by measuring and understanding their environmental impact. We completed a questionnaire in 2020 that measures our climate related risks and opportunities, as well as the associated financial implications. This data will enable us to track change and demonstrate the impact of those changes as part of our evolving business strategy over time.

We joined the United Nations Global Compact in 2020. The United Nations Global Compact is the world's largest corporate sustainability initiative. The UN Global Compact is focused on helping companies to align strategies and operations with the universal principals on human rights, labour, environment and corruption, and take actions that advance societal goals. HMD Global is planning to select and align itself with as many of the 17 goals as possible in the coming years.

In 2020, HMD Global also joined the Global Reporting Initiative (GRI). This is the first time we have compiled this sustainability report according to the guidelines.



## THE GLOBAL GOALS For Sustainable Development





# Philanthropy

Our commitment to sustainability goes beyond our supply chain, extending to further external initiatives.

As extension to our wall charger removal project, where customers are encouraged to use their USB cable to charge their phones instead of using wall chargers, HMD has committed to donate any revenue generated from online purchases of additional wall chargers to **CLEAR RIVERS**, a charity that works to clear plastic waste from waterways.

We have chosen **CLEAR RIVERS** because, as a Europe based start-up charity, **CLEAR RIVERS** reflects HMD's own journey. The organisation is innovative and works tirelessly to remove plastic litter from rivers and waterways across the EU. We are proud to be supporting them in their mission to prevent plastic litter from entering seas and oceans.

Another initiative we actively support is Ecologi. Ecologi invest money into tree planting and other carbon reduction projects that are certified to the very highest level by internationally accredited standards such as the Gold Standard. HMD offers their customers to plant trees via Ecologi to replace accessories such as headphones, which are mostly disposed of. This initiative has started in the UK but we are planning to extend it to our other markets in Europe. The goal is to plant 1,000,000 trees.



# About this report

This is our first sustainability report which has been prepared in accordance with the GRI Standards: **Core option**. It covers the reporting period from 01 January 2020 to 31 December 2020 and will be prepared on an annual basis. It also reflects our passion, dedication and contribution to the UN Sustainable Development Goals (SDGs) and the 10 Principles of the United Nations Global Compact (UNGC).

## Reporting boundary

Data presented in this report is from our global offices and operations like transportation of the goods. Manufacturing is outsourced to our ODM partners, and is out of scope for this report.

## Assurance

Our sustainability performance data is reported based on our best knowledge and good faith. At this point in time, we have not used an external party to validate the data but are planning to do so in the future.

## Feedback

We always look for opportunities to improve our processes and ways of working, and value all feedback from our stakeholders. Please feel free to contact us at any point – your feedback/questions/comments are highly appreciated regarding this report.

Please direct all comments, questions and feedback to

[sustainability@hmdglobal.com](mailto:sustainability@hmdglobal.com)

## Press releases

We publish our latest news on our press release page

[hmdglobal.com/media?showMore=true#-press-releases-all](https://hmdglobal.com/media?showMore=true#-press-releases-all)

## Recycling information

[nokia.com/phones/en\\_us/support/topics/recycle](https://nokia.com/phones/en_us/support/topics/recycle)

(GRI 102-50 Reporting period)  
(GRI 102-51 Date of most recent report)  
(GRI 102-52 Reporting cycle)  
(GRI 102-54 Claims of reporting in accordance with the GRI Standards)  
(GRI 102-56 External assurance)  
(GRI 102-53 Contact point for questions regarding the report)



# GRI Content Index

GRI Standard Indicator		Sustainability goal	Location
101 Foundation	Reporting principals		
	Stakeholder inclusiveness		1.1
	Sustainability context		1.2
	Materiality		1.3
	Completeness		1.4
	Accuracy		1.5
	Balance		1.6
	Clarity		1.7
	Comparability		1.8
	Reliability		1.9
	Timeliness		1.10
	Using the GRI Standards for sustainability reporting		
	Applying the reporting principles		2.1
	Reporting general disclosures		2.2
	Identifying material topics & their Boundaries		2.3
	Reporting on material topics		2.4
	Presenting information		2.5

(GRI 102-55 GRI Content Index)









GRI Standard Indicator		Sustainability goal	Location
102	<b>General disclosures</b>		
	102-1	Name of the organisation	1
	102-2	Activities, brands, products, & services	1
	102-3	Location of headquarters	1
	102-4	Location of operations	1
	102-5	Ownership & legal form	1
	102-6	Markets served	1
	102-7	Scale of the organisation	1
	102-8	Information on employees & other workers	2.1
	102-9	Supply chain	6.1
	102-10	Significant changes to the organization & its supply chain	6.1
	102-11	Precautionary principle or approach	1.2
	102-12	External initiatives	7
	102-13	Membership of associations	7
	<b>Strategy</b>		
	102-14	Statement from senior decision-maker	0
	102-15	Key impacts, risks & opportunities	N/A
	<b>Ethics &amp; Integrity</b>		
	102-16	Values, principles, standards, & norms of behaviour	2.1/3.1
	102-17	Mechanisms for advice & concerns about ethics	2.1/3.1
	<b>Governance</b>		
	102-18	Governance structure	1.2
	102-19	Delegating authority – comprehensive	1.2




GRI Standard Indicator		Sustainability goal	Location
<b>General disclosures</b>			
102-40	List of stakeholder groups		1.3
102-41	Collective bargaining agreements		2.1
102-42	Identifying & selecting stakeholders		1.3
102-43	Approach to stakeholder engagement		1.3
102-44	Key topics & concerns raised		1.3
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statement		N/A
102-46	Defining report content & topic Boundaries		1.4
102-47	List of material topics		1.4
102-48	Restatement of information		N/A
102-49	Changes in reporting		N/A
102-50	Reporting period		10
102-51	Date of most recent report		N/A
102-52	Reporting cycle		10
102-53	Contact point for questions regarding the report		10
102-54	Claims of reporting in accordance with the GRI Standards		10
102-55	GRI content index		Listed here
102-56	External Assurance		
<b>Management Approach</b>			
103-1	Explanation of the material topic and its Boundary		1.4
103-2	The management approach and its components		1.4/3.1
103-3	Evaluation of the management approach		1.4/3.1

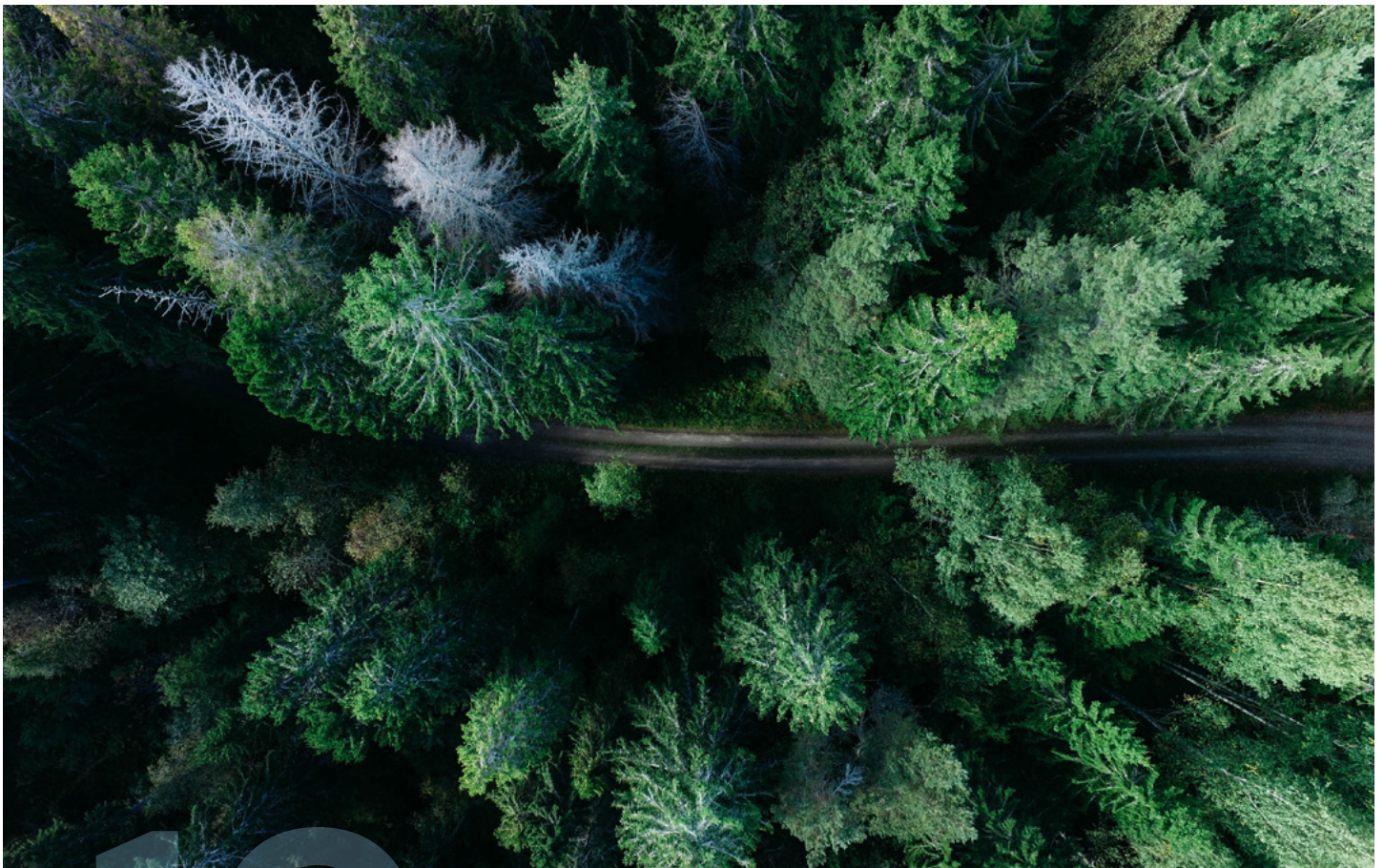










GRI Standard Indicator		Sustainability goal	Location		
200 Economic Standard Series					
	Anti-Corruption				
	205-1	Operations assessed for risks related to corruption	 <b>UN Principle 10:</b> Businesses should work against corruption in all its forms, including extortion & bribery	3.1	
	205-2	Communication & training about anti-corruption policies & procedures		3.1	
	205-3	Confirmed incidents of corruption & actions taken		3.1	
		Anti-Competitive Behaviour			
206		Management approach	 <b>UN Principle 10:</b> Businesses should work against corruption in all its forms, including extortion & bribery	3.1	
206-1		Legal actions for anti-competitive behaviour, anti-trust, & monopoly practices		3.1	
300 Environmental Standard Series					
	Materials				
	301	Management approach	 <b>UN Principle 9:</b> Encourage the development & diffusion of environmentally friendly technologies	5	
	301-1	Materials used by weight or volume		N/A	
	301-2	Recycled input materials used		Listed here	
	301-3	Reclaimed products & their packaging materials		Listed here	
		Energy			
		302	Management approach	 <b>UN Principle 7:</b> Businesses should support a precautionary approach to environmental challenges	5.1
		302-1	Energy consumption within the organisation		5.1
		302-2	Energy consumption outside of the organisation		N/A
		302-3	Energy intensity		5.1
302-4		Reduction of energy consumption	N/A		
302-5		Reductions in energy requirements of products	N/A		






GRI Standard Indicator		Sustainability goal	Location
300 Environmental Standard Series			
305	Emissions		
	Management approach	<b>UN Principle 7:</b> Businesses should support a precautionary approach to environmental challenges 	5.1
	Direct (Scope 1) GHG emissions		N/A
	Energy indirect (Scope 2) GHG emissions		N/A
	Other indirect (Scope 3) GHG emissions		
	GHG emissions intensity		N/A
	Reduction of GHG emissions		N/A
	Emissions of ozone-depleting substances (ODS)		N/A
307	Environmental Compliance		
	Management approach		5
	Non-compliance with environmental laws & regulations		5
308	Supplier Environmental Assessment		
	Management approach	<b>UN Principle 8:</b> Undertake initiatives to promote greater environmental responsibility  	6
	New suppliers that were screened using environmental criteria		6.1
	Negative environmental impacts in the supply chain & actions taken		6.2





GRI Standard Indicator		Sustainability goal	Location
400 Social Standards Series			
401	Employment		
	Management approach		2
	New employee hires and employee turnover		2.1.5
	Benefits provided to full-time employees that are not provided to temporary or part-time employees		2.1
	Parental leave		2.1
Occupational Health & Safety			
403	Management approach		2.4
403-1	Occupational health & safety management system		2.4
403-2	Hazard identification, risk assessment, & incident investigation		2.4
403-3	Occupational health services		2.4.1
403-4	Worker participation, consultation, & communication on occupational health & safety		2.4
403-5	Worker training on occupational health & safety		2.4
403-6	Promotion of worker health		2.4 (Health insurance) & 2.4.1 (Our approach to COVID)
403-7	Prevention & mitigation of occupational health & safety impacts directly linked by business relationships		2.4
403-8	Workers covered by an occupational health & safety management system		2.4
403-9	Work-related injuries – lost time injury (LTI)		2.4
403-10	Work-related ill health		N/A
Training & Education			
404	Management approach		
404-1	Average hours of training per year per employee		N/A
404-2	Programmes for upgrading employee skills & transition assistance programmes		2.1.4
404-3	Percentage of employees receiving regular performance & career development reviews		2.1.3
Diversity & Equal Opportunity			
405	Management approach		2.3
405-1	Diversity of governance bodies & employees		2.3
405-2	Ratio of basic salary & remuneration of women to men		2.3
Non-Discrimination			
406	Management approach	UN Principle 6: The elimination of discrimination in respect of employment & occupation	2.3
406-1	Incidents of discrimination & corrective actions taken	 	2.3



GRI Standard Indicator		Sustainability goal	Location
400 Social Standards Series			
Freedom of Association & Collective Bargaining			
407	Management approach	UN Principle 3: Businesses should uphold the freedom of association & the effective recognition of the right to collective bargaining	2.1
407-1	Operations & suppliers in which the right to freedom of association & collective bargaining		2.1/6.3
Child Labour			
408	Management approach	UN Principle 5: The effective abolition of child labour 	2.2
408-1	Operations & suppliers at significant risk for incidents of child labour		2.2
Forced or Compulsory Labour			
409	Management approach	UN Principle 4: The elimination of all forms of forced & compulsory labour 	2.1
409-1	Operations & suppliers at significant risk for incidents of forced or compulsory labour		2.2.1/6.3
Human Rights Assessment			
412	Management approach	UN Principle 1: Businesses should support & respect the protection of internationally proclaimed human rights UN Principle 2: Make sure that they are not complicit in human rights abuses 	2.2
412-1	Operations that have been subject to human rights reviews or impact assessments		2.2.1
412-2	Employee training on human rights policies or procedures		2.2
412-3	Significant investment agreements & contracts that include human rights clauses or that underwent human rights screening		2.2



GRI Standard Indicator		Sustainability goal	Location	
400 Social Standards Series				
	Supplier Social Assessment			
	414	Management approach	<b>UN Principle 1:</b> Businesses should support & respect the protection of internationally proclaimed human rights  <b>UN Principle 2:</b> Make sure that they are not complicit in human rights abuses   	6.3
	414-1	New suppliers that were screened using social criteria		6.3
	414-2	Negative social impacts in the supply chain & actions taken		6.3
	Customer Health & Safety			
	416	Management approach		4.2
	416-1	Assessment of the health & safety impacts of product & service categories		4.2
416-2	Incidents of non-compliance concerning the health & safety impacts of products & services	4.2		
Customer Privacy				
418	Management approach		3.2	
418-1	Substantiated complaints concerning breaches of customer privacy & losses of customer data		3.2	
Socioeconomic Compliance				
419	Management approach		2	
419-1	Non-compliance with laws & regulations in the social & economic area		2 / 3.1	



# GRI Content Index

**HMD Global Oy GRI Standards Core option  
Sustainability Report 2020**

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