# hmd.

# Sustainability report

Covering fiscal year 2022
HMD Global Oy

durability
longevity
affordability
recycling
repairability
equity
diversity
opportunities
connection

More

# Contents

Our purpose is to connect the world without costing the earth

# For a connected, lasting future

Sure, we're a phone manufacturer – but that's not what gets us out of bed in the morning.

Our purpose is to connect the world without costing the earth.

Because a connected world gives people the power to change their world – personally, socially, financially, economically and politically.

Put simply, connecting the world makes it a better place for everyone, everywhere.

So in everything we do, we ask ourselves, "How can we connect the world in new, sustainable, ethical, and meaningful ways?"

This report is designed to show you how we're doing that – now and in the future.

Jean-François Baril
Executive Chairman

# A letter from Jean-Francois

Welcome to HMD's sustainability report for 2022. This document is designed to give you an insider's view of our business. You'll see how far we've come and how far we're aiming to go. But before you get stuck into the detail, let me give you a quick overview of our approach, achievements and ambitions.

## We don't just do sustainability reporting. We do sustainability business modelling.

At HMD, reporting on our environmental, social and governance standards is so much more than a tick box exercise to meet the requirements expected of today's businesses. That's why sustainability is legitimately wired into our business, our products and our culture. Because we know our success as a business – and the future of life on earth – depends on it.

## Less waste. More connection.

In 2022, we launched Circular – a subscription phone service that is set to redefine mobile phone ownership. Circular customers lease the phone from us. This means we can take devices back to keep them out of landfill and in people's hands for longer. How? By refurbishing phones to 'good as new' then giving them a second life. And by donating older handsets to The Unconnected, who are a global community on a mission to connect one billion people to the internet. Of course, at the end of a phone's use, we collect recyclable parts and put them back to good use.

## Sustainability through longevity

We have continued to deliver robust, long-lasting and affordable devices across our product portfolio. The Nokia X30 5G is our most sustainable smartphone yet. It's made with 100% recycled aluminium and 65% recycled plastic. While the Nokia G60 5G has a back cover that's made with 100% recycled plastic and a frame made using 60% recycled plastic. What's more, both phones come with 3 years warranty, 3 years OS and 3 years of monthly security updates. This allows us to bring more longevity and sustainability commitments to the many, not just the few.

To make this happen, we worked closely with our carefully selected suppliers to source materials. This also includes packaging for some of our products, which is now 100% recycled or FSC® certified. What's more, we've started removing chargers and earbuds from our phone packaging, which means our boxes are smaller and so is our $CO_2e$ impact during transportation.

## Phones in hands and out of landfill

We have launched Trade In, so customers can get a discount off a new device whilst giving back their current device for it's second life – and thereby keeping it out of landfill for longer. Indeed, repairability is a big focus for us going forward.

## We give 100% to be in 1% of the most sustainable businesses globally.

In 2022, we were awarded EcoVadis Platinum status, which recognises our commitment to sustainable practices. This also means we are in the top 1% of businesses globally. As you can imagine, this is something we're extremely proud of.

## Connecting the world won't cost the earth, thanks to our people.

Before I sign off, I'd like to personally thank everyone at HMD, our partners and suppliers. Without your dedication to environmental, social and governance standards at every touch point of our business, we wouldn't have made such progress.

Afterall, less waste, less landfill and lower impacts all mean one thing: *more connection*.

**Jean-Francois**
Letter from the Executive Chairman-Highest Governance Body for Sustainability

Emma McDonnell
HMD's Vice President
of Human Resources

# A letter
# from Emma

I have been working with HMD Global since our inception and was inspired to take on the full-time role as VP of HR in 2022. In this time, I have seen how our company embeds sustainability into our culture, with a focus on connection both internally and externally. It underpins our entire organization and strategy.

**At HMD, purpose drives everything we do – for our business, our people and the planet. It is truly embedded into the products we design, the materials we use, and the packaging we deliver.**

And, of course, connecting the world without costing the earth also means we place huge value on the people we work with – from our employees and contractors to every supplier throughout our chain.

I'm pleased to report we are on target for our record in labor and human rights, Health & Safety, privacy and compliance, sustainable procurement, waste and conflict minerals.

As well as our purpose, our four company values play a huge role at HMD. They are Communication, Teamwork, Human and Excellence. These core values are what guide our culture as it continues to evolve. Seeing these values come to life is exceptionally gratifying.

In 2022, nearly 80% of employees are aligned with our new strategy and vision. Over 90% of our employees are experiencing great team collaboration. We've seen a parity of people taking both paternity leave and maternity leave. We are working continuously to improve people's wellbeing and work life balance, and we are getting feedback that they are responding well to flexible work arrangements in every country.

It does not stop here. We are working hard to achieve future key targets including reaching 90% of our wellbeing index by 2023 and reaching 38% on gender split and closing the gender pay gap by 2027

**Making the world a more connected place whilst protecting the planet is no small feat. But it's a mission we're excited to be on, today and every day.**

**Emma McDonnell**
HMD's Vice President of Human Resources
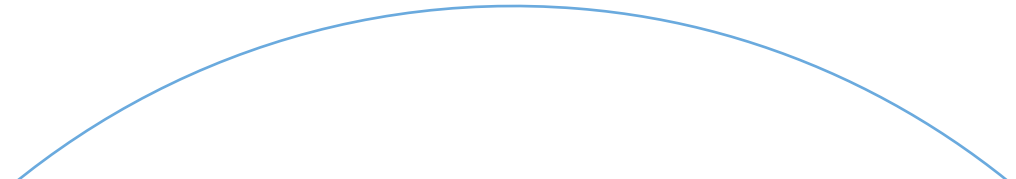
## Sustainable Packaging

In our move towards using fully sustainable packaging, all of our G-, X-, XR- and T-series devices launched after September 2022 plus the accessories packaging are made of certified FSC-Mix materials, meaning that it's either recycled and/or from controlled wood from sources promoting sustainable forestry.

## 418K+

**Over 418,000 trees planted.**
All thanks to our partnership with Ecologi.

## 700

**We have donated 700 phones to digitally disadvantaged people** via our partnership with The Unconnected charity. More information about collaboration to be found on page 46.

## We created our most sustainable phones yet

The Nokia X30 5G and Nokia G60 5G handsets are made using recycled material. Plus, we removed plug as most consumers already have a compatible plug. This has also helped us reduce the size of the box – less packaging waste and less weight to transport.

## Consumer Repairability

A big focus in 2022 was on making our handsets quick and easy for customers to fix themselves – so they can keep their devices for longer. The first step on this journey was the Nokia G22 which launched in market in February 2023.

## 777Kg

**777kg of chargers production avoided since 2021.** By removing the chargers from Nokia X10 and Nokia X20 phones, we've saved 777KG of chargers being manufactured. If consumers wanted a charger they could buy online end we donated €10 to charity for every charger purchased. In 2022, 85% did not buy a charger.

### For a connected world and a prospering planet

Here are all the ways we're reducing our impact on the environment while bringing more people the connections they need to thrive.

## 3.5T

**We helped to remove 3.5 Tonnes of plastic from rivers.** This equates to 350,000 plastic bottles, thanks to our partnership with ClearRivers. We will continue to do more work with partners like ClearRivers.

## We launched Trade In and Circular

Trade In gives customers a money back off their next device when they send us their old one back for re-use or recycling. Circular is our new subscription model. It means we own the phone, so we can take back devices for repair, refurbishment, re-use, donation, and eventually for harvesting the recyclable components at the end of their life.

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# We hold ourselves to the highest Global standards, too

Since 2020, we've been taking action in line with the Global Compact and The United Nations' Sustainable Development Goals.

Our employees, communities and the planet matter as much to us as long-term business success. That's why we're shaping more sustainable future for our customers. Our focus is on the following SDGs:

- Good health and wellbeing (3)
- Quality Education (4)
- Gender equality (5)
- Decent work and economic growth (8)
- Responsible consumption and production (12)
- Climate action (13)

To continually report and reduce the impact our organisation makes, we carefully measure and demonstrate our progress publicly. We also engage with the highest standards of governance to ensure our progress is having a positive impact, year on year.

Our report for 2022 was submitted in May 2023.

United Nations Policy on Communication on progress



SUSTAINABLE DEVELOPMENT GOALS

**3 GOOD HEALTH AND WELL-BEING**

**4 QUALITY EDUCATION**

**5 GENDER EQUALITY**

**8 DECENT WORK AND ECONOMIC GROWTH**

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

**13 CLIMATE ACTION**

# HMD Global

We are constantly evolving our organisation, products and services with two things in mind: to lower our impact on the planet and our people, and to keep connecting the world in new and better ways.

hmd.

# Our organisation

**About HMD Global**

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

HMD Global Oy has been manufacturing Nokia branded devices since it was established as a privately held company in 2016. Our headquarters are in Espoo, Finland.

**In 2022, we employed 762 people across 44 sites internationally.**

**Our phones have been activated in over 139 countries worldwide.**

**The HMD difference**

Our products and services are driven by the needs of our customers who care about longevity, durability affordability and security.

Our customers also care about the environment, and that adds to our commitment to ensure we put sustainability at the centre of everything we do.

Which is why our products are secure and built to last, with services our customers can rely on.

Indeed, we have a longstanding reputation for robust and long–lasting mobile phones thanks to our dependable, durable designs.

What's more, our regular updates continually improve performance and security.

From feature phones and smartphones to tablets and Enterprise services, our range offers choice and reliability.

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# We operate across the globe

In 2022, we operated in 44 locations around the world. Since our last report in 2021, we have closed three smaller sites.

## 11 KEY HUBS

We have key hubs in 11 locations. They are considered key hubs because these sites employ over 15 people, or they are home to key functions like Research & Development or Marketing. Our key hubs are listed below and shown on the map in BLUE:

- Espoo
- London
- Tampere
- Shenzhen
- Beijing
- Gurgoan
- Bangalore
- Taipei
- Miami
- Johannesburg
- Dubai

## 33 OTHER LOCATIONS

We also operate smaller sites in 33 other locations across the globe. These are listed below and shown on the map in GREEN:

- Bogota, Columbia
- Seattle, USA
- Mumbai, India
- Kolkata, India
- Delhi, India
- Vienna, Austria
- Warsaw, Poland
- Budapest, Hungary
- Bucharest, Romania
- Sofia, Bulgaria
- Ratingen, Germany

- Madrid, Spain
- Rome, Italy
- Istanbul, Turkey
- Kapelle-op-den bos, Belgium
- Gravenhage, The Netherlands
- Paris, France
- Batam, Indonesia
- Nairobi, Kenya
- Lagos, Nigeria
- Karachi, Pakistan
- Casablanca, Morocco

- Cairo, Egypt
- Jakarta, Indonesia
- Ho Chi Minh City, Vietnam
- Sydney, Australia
- Singapore, Singapore
- Kowloon, Hong Kong
- Copenhagen, Denmark
- Moscow, Russia
- Manila, Philippines
- Dhaka, Bangladesh
- Kuala Lumpur, Malaysia

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# In three short years, we've come a long way

**HMD start** — Dec 2016

**ISO14001 EMS certification – our Environmental Management System**

**Eco profiles available for all phones**

**Ecovadis Silver Award** — SILVER 2020 ecovadis Sustainability Rating

**Member of CDP – Carbon disclosure programme**

**CSR audits (SA8000 based) for suppliers since 2020**

**ISO27001 ISMS certification – our Information Security Management System**

**Trade in – UK and Germany**

**Ecovadis Platinum Award** — PLATINUM 2022 ecovadis Sustainability Rating

**Published Sustainability Strategy**

**Launched Nokia Circular**

**GHG reduction targets in line with Paris agreement published in 2nd Sustainability Report (GRI)**

**Second GRI report for 2021 – GRI 2016 standard based reporting**

**Appointed Sustainability General Manager**

**Launched Nokia X30 5G and Nokia G60 5G our most sustainable devices yet**

**2020**

**2022**

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**Dec 2016**

**2018**

**2021**

**2023 Plans**

**ISO9001 QMS certification – our Quality Management System** — ISO

**Transportation emissions measurement start**

**HMD joined Europe operators Ecorating consortium**

**Launched Nokia X10 and Nokia X20 without chargers in the box in Europe, warranty time and Operating System and Security patches updates increased**

**Ecovadis Gold Award** — GOLD 2021 ecovadis Sustainability Rating

**Released Nokia XR20, the most durable smart-phone we've ever made**

**Submitted our first Communication on Progress (COP) – UNGC report**

**Published our first public-facing Sustainaibility Report for 2020 – GRI 2016 standard based reporting**

**Partnerships start with Ecologi, Unconnected, ClearRivers** — Ecologi CLEARRIVERS unconnected.org

**Enterprise solutions launched – hmd mobile, hmd enable pro**

**iFixit – Partnership for self-repair start**

**First QuickFix reparable device Nokia G22**

**Third GRI report for 2022 – GRI 2021 standard based reporting**

**ISO 45001 – Occupational Health and Safety Management system certification**

**Circular business model for business customers**

**CDP submission – in progress**

**Ecovadis Platinum – in progress**

**SBTi targets submission – in progress**

**ISO20400 – Sustainable Procurement**

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# Introducing our sustainability strategy

# Progress for the planet and its people

## We have a clearly defined strategy that puts sustainability at the heart of everything we do.

Our Go to Market governance leads our end to end operational execution from product concept and design, through the manufacturing of our products, and ultimately through to how we communicate to our customers. By aligning our Go to Market approach to our sustainability goals we ensure our product design, production and marketing, underpins our commitment to deliver on our sustainability strategy across Operations, Sourcing and People

## So why is sustainability so important to HMD?

**Our People**
Our People want to belong to a company that has sustainability at its heart.

**Our consumers**
Our durability and sustainability promises resonate with our consumers. Recent research tells us 79%* of consumers are changing their purchase preference based on social responsibility, inclusiveness and environmental impact.

**Our customers**
Sustainability is very important our customers across the globe. Many of our partners have their own net zero targets and HMD plays a central role in supporting companies deliver on their sustainability targets.

**Our brand promise**
'Sustainability through durability' is our brand promise. It's an extension of our purpose and guides how we operate as a business to execute on our sustainability goals

*Kantar

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# Sustainability strategy overview

Our rigorous sustainability strategy falls into two main parts:

## 01 Impact on our consumers

### MADE TO LAST LONGER

- Robust repairable devices that increase durability

- Software & security updates that keep phones running for longer

### CIRCULAR ECONOMY

- New Circular subscription model

- Repair, take-back & harvesting initiatives

- Recycled & recyclable materials used as much as possible

- Used for Good : Devices donated to charity or Loyalty-rewarded with credits for social and environmental causes

## 02 Operations, Sourcing & People

GHG EMISSIONS

ETHICAL SOURCING & MANUFACTURE

SUSTAINABLE MATERIALS & SUBSTANCES

DATA PRIVACY

DIVERSITY, EQUITY & INCLUSION

SAFETY & WELLBEING

# Sustainability strategy deep dive

## 01 Impact on our consumers

Here's how our sustainability strategy impacts our consumers

**MADE TO LAST LONGER**
For many years, Nokia has been known for making durable devices, this is still the case today. 80% of the energy created by a mobile phone is used in the manufacturing process.  Therefore it makes sense that the longer you keep your phones the better it is for the planet. To support this we have extended warranties, OS and Security updates.

**CIRCULAR ECONOMY**
There are 16 billion mobile phones today and one third are no longer in operation, whilst  only 20% are recycled. So a Circular Economy is very important for Sustainability in the mobile phone sector. Especially because mining new materials uses a huge amount of energy and has a major impact on our carbon footprint. E-waste also has a massive impact.

The four principles of a Circular economy are Refuse, Reduce, Reuse and Recycle.

**REFUSE –** means don't buy something new in the first place, buy second hand instead. In Q2 2023 we will launch the opportunity for consumers to buy refurbished devices, initially in the UK and Germany with a plan to expand to additional markets.

**REDUCE –** the impact on the environment, so we have introduced recycled materials into our devices such as recycled aluminium and plastic in the X30, and recycled plastic in the G60 and G22.  Use of recycled materials can reduce our CO2 emissions by up to 40%. We have also increased the amount of recycled material in our packaging and are committed to using FSC® certified materials in our X, G &T series as well as for accessories.

**RE-USE –**  is about reusing what already exists. To encourage re-use, we're doing a number of things to give our devices a second life. We offer an opportunity for consumers to Trade In their old device, through our UK and Germany Direct to comnsumer channel with the plan to extend to other markets.

**RECYCLE –** we offer free end-of-life recycling for customers in 32 countries. We have been harvesting parts and responsibly disposing of devices for many years.  Our recent activity is to have direct relationships with recycling partners. In addition, we have a target to ensure all recycling partners are accredited to the highest standard.

## 02 Operations, Sourcing & People

Here's how our Operations, Sourcing and People strategies underpin our core commitments to sustainability across 6 key pillars

**GREEN HOUSE GAS EMISSIONS**
In 2022 we refined our target and aligned with Science Based Targets Initiative (SBTi) to reduce our greenhouse gas emissions by 42% 2030. We've also committed to reaching net zero by 2050. In 2023 we signed up for SBTi and will be reporting annually on progress against these targets.

**ETHICAL SOURCING AND MANUFACTURE**
We have a Supplier Code of Conduct that all of our ODMs sign up to and this ensures we don't use child or forced labour or hazardous materials in our production.

**SUSTAINABLE MATERIALS AND SUBSTANCES**
As well as the recycled and recyclable materials we use, we also have a strict Conflict Mineral policy in place.

**DATA PRIVACY**
Data security is a key pillar of our business and a commitment to our customers and to our consumers. We achieved ISO27001 certification in 2022.

**DIVERSITY EQUITY & INCLUSION**
We currently report gender and age percentages in our GRI report and have clear targets to achieve as part of our people strategy.

**SAFETY & WELLBEING**
We have a clearly defined policy and commitments to support safety and wellbeing. In May 2023 we were awarded the ISO 45001 certification for Safety and Wellbeing.

# We give 100% to be in 1% of the most sustainable businesses, globally.

Ecovadis is the world's largest and most trusted provider of business sustainability ratings. It evaluates over 90k companies and in the last three years we've moved from Silver to Gold to Platinum. This puts HMD Global in the top 1% of businesses. We are very proud to achieve the Platinum Ecovadis rating, and we are committed to retaining it.

As an internationally recognised rating Ecovadis covers environment, labour, human rights, ethics and sustainable procurement, is it an important signal of our commitment to sustainability to everyone we work with and every customer we serve.

There's still plenty of difference we can make, but this kind of external validation strengthens our commitment to connecting the world without costing the earth.

## HMD has achieved the highest possible Ecovadis rating as part of our sustainability journey



**Ecovadis Silver 2020**

Top 25% of companies globally

**Ecovadis Gold 2021**

Top 5% of companies globally

**Ecovadis Platinum 2022**

Puts HMD in the top 1% of suppliers globally

# Our targets for the next five years

For HMD sustainability is not only part of our business but it is in heart of our product design and culture we live.  That is why we not only set ourselves business targets but also detailed sustainability targets too. Our targets are divided into people, planet and underpinned by strong business ethics and robust governance.

# Sustainability Goals for 2023

## People

### Diversity, Equity & Inclusion

- Reach 38% female gender split by 2027 (currently 32% in 2022)
- Close gender pay gap by 2027
- Improve our Wellbeing index from 68% in 2022 to reach 90% by 2025

### Safety & Wellbeing

- Expand ISO 45001 certification for Safety and Wellbeing to 30% of key sites by 2025
- Work-life balance satisfaction on the level of 80%
- Maintain zero work-related, injury or fatality situations.

### Talent management and learning

- 100% of our employees with a performance review
- Achieve a 100% increase in training hours per internal employees by 2024
- Periodical sustainability trainngs for all employees

## Planet

### Product Design

As a leader in sustainable design and materials, we are committed to concepting and building products that are ever more sustainable and more repairable. Within this goal, we are focused on:

- Achieving higher Eco-rating and repairability scores for all devices
- Improving design to satisfy regulatory requirements

### Circular Economy

In order to prevent and reduce E-waste, we have launched a number of initiatives that support a circular economy, including:

- Enabling consumers to buy refurbished devices
- Creating new sustainable phones manufactured from a high percentage of recycled materials
- Donating used devices to digitally disadvantaged people
- Offering free end-of-life recycling to customers in 32 countries.

We remain invested in exploring further opportunities to tackle the global problem of E-Waste.

### Reduce CO2e

We have committed to and published our targets to:

- reduce our carbon footprint by 42% by 2030.
- Reach Net Zero by 2050.

We're in the process of executing initiatives with our ODMs and other partners to establish, deliver and report annual targets with SBTi. This includes our medium and long-terms goals to reduce our GHGe emissions.

## Business ethics and governance targets

*more about Eco Rating initiative can be found under www.ecoratingdevices.com/#about-us

# Detailed targets with progress
## People

| PEOPLE | | | | |
|---|---|---|---|---|
| **Gender** | **2021** | **2022** | **Target 2025** | **Target 2027** |
| Female employees as of total HC | 32 % | 32 % | 36 % | 38 % |
| Female employees as of total managerial positions | 22 % | 21 % | 25 % | 27 % |
| Zero gender pay Gap by 2027 | NA | NA | NA | 0 % |
| **Diversity and Inclusion** | **2021** | **2022** | **Target 2025** | |
| HMD does a good job of fostering a diverse and inclusive environment | NA | 79 % | 83 % | |
| I feel that all have equal opportunities to succeed at HMD | NA | 72 % | 80 % | |
| If I raised a concern about discrimination, I am confident HMD would do what is right | NA | 82 % | 83 % | |
| Diversity & Inclusion Employee Engangement index | NA | 78 % | 83 % | |
| Leadership training - with inclusion model | NA | 30% managers completed | 70% managers completed | |
| 100% employees trained on anti-discrimination and harasment | NA | all new highered employees | 100 % | |
| Number of DE&I initiatives introduced to HMD global | NA | NA | 2 | |
| Wellbeing index | NA | 68 % | 90 % | |
| **Learning** | **2022** | **2023 Target** | **2024 Target** | |
| 100% of our employees with a performance review | 100% of employees | 100% of employees | 100% of employees | |
| Training hours per internal employee increase | base year | 50% increase to base year | 100% increase to base year | |
| Sustainability strategy training | sales and marketing departments | 80% of employees | 90% of employees | |
| Personal development via coaching | Europe based initiative for 2 key regions | Expansion of the initiative to 3 key markets in Europe + India and US | Further expansion to other markets | |
| HMD trainers hours spend on personal development and coaching per year | 12h per person | 15h per person | 15h per person | |
| Nokia Mobile Academy users increase | base year | 60 % increase to base year | 100 % increase to base year | |
| **Labour & Human Rights** | **2021** | **2022** | **Target 2023** | |
| Zero Modern Slavery Act, discrimination or diversity violations/incidents through Speak Up channel. | 0 incidents | 0 incidents | 0 incidents | |
| 100% % of employees trained on child labour, slavery and human trafficking | Results vary per site. | 100% of employees | 100 % | |
| Zero incidents in relation to child labour and human rights | 0 incidents | 0 incidents | 0 incidents | |
| Zero confirmed corruption incidents, zero legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and zero non-compliances with other laws and | 0 incidents | 0 incidents | 0 incidents | |
| employees based in Finland, Belgium, Austria, Italy and France covered by collective bargaining agreements | 15 % | Finland, Belgium, Italy, France | 100 % | |
| pension scheme in every country that HMD operates in | NA | 42 pension schemes | 100 % | |
| **Health and Safety** | **2021** | **2022** | **Target 2023** | |
| 100% of Yearly Health and Safety Risk assessments completed | 100% completed | 100% completed | 100 % | |
| every employee is also entitled to flexible work arrangements such as remote work and flexi-time | Available for 100% of employees | Available for 100% of employees | 100 % | |
| work-life balance satisfaction | We don't have Pulse in 2021 | 73% 1st Pulse, 76% 2nd Pulse | 80 % | |
| 100% of Employees receiving health coverage | Available for 100% of employees | Available for 100% of employees | 100 % | |
| 100% paid annual leave | Available for 100% of employees | Available for 100% of employees | 100 % | |
| 100% Employees receive 24 hours rest within a time frame of 7 consecutive days. | Available for 100% of employees | Available for 100% of employees | 100 % | |
| work-related illness, injury or fatality situations reported | zero incidents | zero incidents | 0 incidents | |
| LTI frequency and severity | zero incidents | zero incidents | 0 incidents | |
| product health and safety impact assessments for 100% of our products. | 0 incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products. | 0 incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products. | 0 incidents | |

# Detailed targets with progress
## Planet

| PLANET | | | | |
|---|---|---|---|---|
| **CO2e** | **2021** | **Target 2030** | **Target 2050** | |
| Emissions reduction in purchased goods and services | base year | 42% reduction* | net zero** | |
| Emissions reduction target in purchased goods and services - 1000t | 1088,0 | 631,0 | | |
| Emissions reduction target - Upstream transportation and distribution | base year | 5% reduction | | |
| Emissions reduction target - Upstream transportation and distribution - 1000t | 42,9 | 40,8 | | |
| Emissions reduction target - downstream transportation and distribution | base year | 5% reduction | | |
| Emissions reduction target - downstream transportation and distribution - 1000t | 0,08 | 0,08 | | |
| Emissions reduction target- Processing of sold products, warranty | base year | 10 % | | |
| Emissions reduction target - Processing of sold products, warranty - 1000t | 1,3 | 1,2 | | |
| Emissions reduction target - EOL | base year | 5 % | | |
| Emissions reduction target - EOL- 1000t | 42,3 | 40,2 | | |

\* Absolute contraction approach, 1.5C, % SBT reduction

\*\*Absolute contraction, 90 % absolute reduction, i.e HMD Global Oy commits to reduce category emissions 90% by 2050 from a 2021 base year

| **Product Design** | **2021** | **2022** | **Target 2023** | **Target 2024** |
|---|---|---|---|---|
| packaging made of certified FSC- Mix materials | selected models | selected X and G series | all X and G series | all X and G series |
| 100% recycled aluminium | NA | Xseries | Xseries | X and G series |
| 60% of recycled plastic | NA | X and G series | X and G series | X and G series |
| increased product longevity - OS upgrades from 2Y to 3Y | selected Xseries | X-series; selected G series | X-series; selected G series | X-series; selected G series |
| QuickFix reparability | NA | NA | self repair for G series | self repair for broader range |
| % of phones with LCA calculated (Life-cycle assessment) | 38 % | 53 % | 70 % | 85 % |

| **Conflict minerals** | **2021** | **2022** | **Target 2023** | |
|---|---|---|---|---|
| 100% of phone and tablet models have CMRT file fulfilled. | 100% coverage | 100% coverage | 100 % | |
| 100% of materials used in our phones/tablets/accessories are compliant with our Restricted Mineral Guidelines | 100% coverage | 100% coverage | 100 % | |
| 100% free of nickel on product surface | 100% coverage | 100% coverage | 100 % | |
| 100% of products comply with EU RoHS Directive 2011/65/EU | 100% coverage | 100% coverage | 100 % | |
| 100% of products comply with European REACH Regulation 1907/2006/EC | 100% coverage | 100% coverage | 100 % | |

| **Waste** | **2021** | **2022** | **Target 2023** | |
|---|---|---|---|---|
| % of R2 accredited recycling partners | 0 | 25 % | 75 % | |
| New Purchase avoidance - kg | 3943 Kg | 3473 Kg | 4500 Kg | |
| OCR for Smart Devices | 2 % | 1,9% | 1,75% | |
| Office recycling | Procedure in place for Espoo office recycling | Procedure in place for Espoo office recycling | Office recycling procedure in place for 11 key office sites | |

| **Second life initiatives** | **2021** | **2022** | **Target 2023** | |
|---|---|---|---|---|
| DTC subscription ( circular) % of returned devices used for second life or parts recycled or disposed of responsibly | NA | NA | 90 % | |

# Detailed targets with progress
## Business ethics and governance

| BUSINESS ETHICS AND GOVERNANCE | | | |
|---|---|---|---|
| **Business Ethics, Code of Conduct** | **2021** | **2022** | **Target 2023** |
| % of employees trained on Code of Conduct | 100% from year 2017 onwards. | 100% from year 2017 onwards. | 100 % |
| To record 0 violations against the rules set out in this code of conduct | Zero violations from year 2017 onwards. | Zero violations from year 2017 onwards. | 0 incidents |
| Non-compliances with environmental laws and regulations | 0 incidents | 0 incidents | 0 incidents |
| **Business Ethics, Anti-bribery and corruption Policy,  anti-competitive practices** | **2021** | **2022** | **Target 2023** |
| Bribery and corrupt activities | Zero bribery and corrupt incidents since year 2017 | Zero bribery and corrupt incidents since year 2017 | 0 incidents |
| % of employees trained on anti-bribery and anti-corruption | 100% employees trained on anti-bribery and anti-corruption issues since 2017 | 100% employees trained on anti-bribery and anti-corruption issues since 2017 | 100 % |
| Facilitation payments | Zero incidents of facilitation payments allowed since 2017 | Zero incidents of facilitation payments allowed since 2017 | 0 incidents |
| Nepotism or cronyism in recruitment decisions | Zero incidents of cronyism or nepotism in recruitment decisions since 2017 | Zero incidents of cronyism or nepotism in recruitment decisions since 2017 | 0 incidents |
| Number of reported incidents due to anti-competitive practices | 0 incidents | 0 incidents | 0 incidents |
| **Business Ethics. Anti-Discrimination and Anti-Harassment** | **2021** | **2022** | **Target 2023** |
| Infrastructure for employees with disability available | 100 % | 100 % | 100 % |
| Number of discrimination reports reported to ethics hotline Zero | 0 incidents | 0 incidents | 0 incidents |
| **Privacy and compliance** | **2021** | **2022** | **Target 2023** |
| zero authority reported incidents in relation to disclosure of non- public information | 0 incidents | 0 incidents | 0 incidents |
| **Sustainable procurement** | **2021** | **2022** | **Target 2023** |
| 100% of our contractors and suppliers to follow the standards set by the EICC. | 100% Coverage | 100% Coverage | 100 % |
| 100% of our factories were audited by HMD quality team. | 100% Coverage | 100% Coverage | 100 % |
| 100% of our ODM Global Device factories were CSR audited | 100% Coverage | 100% Coverage | 100 % |
| % of our Accessories ODM factories were CSR audited | 50% Coverage | 100% Coverage | 100 % |
| minimum CSR B score for our global device factories | 100% Coverage | 100% Coverage | 100 % |
| 100% of all our suppliers adhered to our SCoC | 100% Coverage | 100% Coverage | 100 % |
| 100% of all relevant suppliers have provided their conflict mineral reporting template | 100% Coverage | 100% Coverage | 100 % |
| **ISO Certification** | **2021** | **2022** | **Target 2023** |
| ISO 14001 EMS certification - our Environmental Management System - expansion to key 11 locations | 9 % | 9 % | TBD |
| ISO 45001  certification-  Occupational Health and Safety Management system-expansion to key 11 locations | NA | NA | 9 % |
| IS0 9001 QMS certification - our Quality Management System -expansion to key 11 | 18 % | 18 % | 18 % |

*Row groups (left margin labels):* Business Ethics · Sustainable procurement · ISO

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# Products that don't hurt the planet

Circular sustainability drives all our product propositions, designs, materials, packaging, transportation, and end–of–life recycling initiatives.

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# Product design, use and end-of-life

**SUSTAINABILITY THROUGH DURABILITY**
Sustainability through durability' best describes our approach to product design at all price points. From the toughest military grade testing on our XR series to our entry devices testing beyond the competition,* our devices have a superior build quality so they can last longer.

**CONTINUOUS SIGNIFICANT  IMPROVEMENTS**
We're always looking for new ways to update our product design to include eco features that limit the amount of energy used during the product's use and also waste at the end of its life. This includes easy dismantling designs and using recyclable materials in our products where possible.

**RECYCLE, REUSE, REPAIR**
In 2022 we continued to take significant steps to reduce the impact of our products. We updated product design to include recycled aluminium and plastics, as well as increasing the amount of recycled and FSC® certified materials in our packaging. In addition we extended warranties, operating system and security updates to increase the life of our products. This approach was also extended to our accessories range.

Our next important step in the design of our phones is a focus on consumer repairability.

**A NEW APPROACH TO CHARGERS**
According to the European Commission, mobile phone chargers were responsible for an estimated 12,000 tonnes of e-waste in 2019 in Europe alone. We took the decision to remove chargers and headsets as standard from our X series devices in 2022.

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. HMD donated

€10 to Three Rivers Charity for every charger purchased on our website.

The move is aimed at changing customer behaviour by encouraging customers to use a USB cable instead of a wall charger. Or simply reuse an existing wall charger or headphones from a previous device. In 2022 80% of customers chose not to buy a charger, saving 15,565 chargers eventually ending up as e-waste.

**CLEAR RIVERS PARTNERSHIP**
Clear Rivers is  a charity that removes plastic waste from waterways. For those customers who chose to buy a charger we donate £10 or 10 euros from online purchases of Nokia Phones or wall chargers. The plastic removed is then turned into new products. Since 2021 we have raised EUR 35,000 for the charity.

**LESS HEADPHONES, MORE TREES**
Through our partnership with Ecologi, we gave our customers trees to plant instead of including headphones in our boxes.

**OVER 418, 000 TREES PLANTED TO DATE**
This initiative started in the UK in 2020. And in 2021 we extended it to the Netherlands, Italy, Germany, and the UK. In 2022 we extended it to our enterprise customers. See the latest data at www.ecologi.com/nokia-phones

**TRADE IN**
From March 2022 customers in the UK could Trade In their old device and receive a discount off a new Nokia device. In November 2022, Trade In was launched in Germany.

Customers can Trade In non-Nokia phones too. It means we can reduce the e-waste that goes straight to landfill.

**END-OF-LIFE WASTE REDUCTION**
As part of our commitment to e-waste reduction, we harvest components from old devices that would otherwise end up in landfill. We reuse these components and feed them back into our repair operations. In 2022 we harvested 3298 kg of materials from going into landfills.

We also offer an online recycling service in 32 countries including across the EU, plus Norway, Switzerland, the UK and the USA. For more information, visit: **www.nokia.com**

**ENVIRONMENTAL PROFILES ARE AVAILABLE**
Environmental profiles for all of our devices can be found on our **website**. These include information about the materials and substances used, packaging, recyclability rate and the energy efficiency of the product. We've had these in place since 2020 when we joined the operator initiated scheme, Eco Rating.

**BECOMING MORE CIRCULAR**
We've been working hard to introduce a more circular model into our business. We take part in the European Take Back programme for recycling end-oF-life devices. We comply with the Waste Electrical and Electronic Equipment Directive (WEEE), as well as  the RoHS Directive. All of our products are marked with the crossed-out wheeled bin symbol and a producer identification mark in accordance with these guidelines.

In addition, we have chosen recycling partners who are R2 accredited.

*Based on results from 3rd party guided free fall testing (IEC 60068-2-31) against top selling models in IDC 4Q21 75 – 125 $ price band

# About Circular

## In September 2022 we launched Circular, a subscription model with sustainability at its core.

Circular redefines mobile ownership with true circularity and sustainability at its core. Launching our most innovative service yet – Circular – was a proud moment at HMD. It's our hassle-free subscription service that offers a more sustainable way to get access to the latest Nokia devices. Whenever the customer is finished with the device, it gets a second life with another subscriber, is donated to charity, or is recycled.

This powerful initiative gives every device the opportunity to have a second life. And by keeping phones out of landfill, it will reduce the negative impact phone ownership can have on the planet.

Circular gives back with **Seeds of Tomorrow** The longer the customer keeps the phone, the better it is for our planet. Because Circular rewards customers with Seeds of Tomorrow (a points system). These are credits they can donate to good causes such as carbon reduction projects, planting trees or providing digital connectivity to people who are digitally disadvantaged. Customers earn credits every six months and the amount of credits increases with each year the customer keeps their phone.

**USED FOR GOOD**
We donate whiped and refurbished returned phones to charitable causes. This means devices that would otherwise end up in landfill (or someone's drawer), are instead Used for Good.

**REUSE & RECYCLING**
If a device can be reused it will be. If not, the device is broken down and the parts are re-harvested where feasible, or disposed of responsibly.

"It's not often you get the opportunity to be involved in something that is completely new, truly purpose-driven and with the potential to change the way people interact with a category. Circular is all of these things and I am proud to be part of this initiative, which in the long run will play an important role in assisting HMD to achieve its sustainability goals, and our ongoing vision to connect the world without costing the earth."

**Lisa Higgins**
Head of Marketing,
Europe

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## About Nokia X30 5G

# Nokia X30 5G is our most sustainable phone yet.

### Designed, built and delivered sustainably

Designed, built and delivered sustainably
The Nokia X30 5G is made with a high percentage of robust and recycled materials. The frame is 100% recycled aluminium and the back is made from 65% recycled plastic. What's more, the box it comes in is made from 94% recycled paper and is 100% FSC® certified.

The reduced packaging size – made possible by our decision to remove chargers from X-series to tackle e-waste – saves on transportation CO2e emissions.

By using FSC® certified boxes, we are also promoting responsible forestry and supporting circular economy.

### All of this means the Nokia X30 5G delivers the smallest eco-footprint of a Nokia phone to date.

Additionally, all Nokia X30 5G owners are given the gift to plant trees from their purchase through our continued partnership with Ecologi.

### Sustainable and durable

- Recycled materials
- FSC certified packaging
- No charger to reduce e-waste
- Smaller box to reduce CO2e emissions during transport
- 800 cycle battery for longevity
- 3 years OS and
- 3 years warranty in Europe and Australia
- 3 years of monthly security updates (from when the device was launched)

**About Nokia G22**

# Nokia G22 is an innovation in repairability design

The future of product design at HMD has an important focus: Repairability. The launch of the Nokia G22 marks our first great step on this journey. It's designed to be easily repaired and is built to last using recycled materials.

## QuickFix repairability
To extend the use of the device, consumers can easily replace a broken display, bent charging port or old battery themselves.

## Longevity by design
Extended warranty, 3 years of monthly security and 2 OS upgrades (from when the device was launched)

A three day battery life, capable of 800 full charging cycles at over 80% original capacity, makes it eco-friendly and long-lasting.

## Recycled materials
The back cover is 100% recycled plastic

The G22 was designed in 2022 and launched in February 2023

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# About our FSC® certified packaging on the example of Nokia X30 5G

From using more recycled and recyclable materials to fewer electronic items in our boxes, we're always looking for new and better ways to improve our packaging and reduce its carbon footprint. It's a major part of our plan to become net zero by 2050.

**'Built to last craft with recycled materials'**

**Recycle your old phone**
URL link to find out more

## Smaller box
Removing the space for charger means smaller, lighter and more palatable box for reduced logistics/ carbon footprint.

## FSC® & Kraft materials
FSC® certified materials show our commitment to responsible forestry. FSC-Mix materials, mean that it's either recycled and/or from controlled wood ( from sources promoting sustainable forestry).

## Reduced plastic
The device protective wrap has now been replaced with a paper-based solution. Only the sealing sticker is plastic.

## Part of circular economy
We target approximately 70% recycled content. Packaging requires 20-30% virgin fiber mixed with recycled content to maintain the material strength and quality.

## Recycled materials
The use of recycled materials for the phone is highlighted on the sales pack. 64.5% recycled plastic for the back cover, 100% recycled aluminium for the camera and frame.

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# The pioneering journey to create phones made from recyclable materials

"When we released new products last year, we can proudly say that Nokia X30 5G and Nokia G60 5G are one of the products with the highest proportion of recycling in the current mobile phone market."

**Eric Su.**
Product Lead,
Smart Device

How do you create phones made from recycled materials, when no one has really done it before?

That's the challenge Eric came up against on his mission to design and manufacture phones out of recycled materials. First of all, there were many unknown problems to solve:

- What kind of recycled materials can be used in mobile phones?
- What percentage of recycled materials can be used?
- Which components can use recycled materials?
- What is the impact on quality?
- What is the impact on production yield rate?
- Is it mass-producible?
- How much will it increase cost?
- Can the reliability of the product be ensured after using recycled materials?

Eric met resistance from Original Design Manufacturers (ODMs)

To find the answers, Eric discussed the idea with various mobile phone ODMs, but encountered difficulties. None of them had any experience and even warned against it – believing that using recycled materials would have big impact at quality and cost.

The pursuit of next-generation recycled phones Driven on by HMD's purpose to connect the world without costing the earth, Eric was undeterred.

After countless discussions with raw material manufacturers and other ODMs, they reached the experiment and verification stages. Finally – through the efforts and collaboration of the Product Team, Design Team, R&D Team, Quality Team, ODMs and raw material manufacturers – they found the best combination of recycling ratios and figured out how to use as much recycled materials as possible.

"We achieved 60% recycled materials in the plastic middle frame structural parts, 100% recycled materials in the plastic back cover, and 100% recycled materials in the aluminum metal parts." – Eric

Quality couldn't be compromised
Using recycling materials couldn't come at the cost of quality. All products using recycled materials have passed Nokia's strict quality verification to ensure product reliability.

The journey wasn't easy, but it was essential – and it was worth it.. We will continue our efforts further.

# Our people
# our prerogative

When it comes to our culture and working environments, we never compromise on our people's safety, rights and personal wellbeing. We value collaboration with partners who share our passion and vision for sustainability

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# SNAPSHOT:
# Our People Principles

We take our responsibility as an employer to heart. That's why our People Principles don't just apply to some, they apply to every employee in every country. What's more, we expect our contractors and local suppliers to uphold the same standards.

- Competitive wages
- Fair working hours and holiday entitlement
- Medical coverage
- Parental leave
- Access to incentive program
- Flexible working, including remote working

- We follow local employment laws, globally
- Annual staff satisfaction survey to continually improve wellbeing initiatives
- Rights to freedom, association, assembly, protest and collective bargaining

# All the details: Our People Principles

## Our people are our greatest asset

We're always working to improve our employee and supplier experiences. As a minimum we do the maximum , we adhere strictly to local employment and labour laws in every country we operate in. This includes minimum wage requirements, maximum working hours and minimum rest days regulations, as well as immigration, collective bargaining and freedom of association laws. Our Human Rights and Labour policy and Code of Conduct clearly outlines our approach, guidelines, procedures and standards.

## Competitive wages

Our employees are fairly compensated for their work in line with all applicable wage laws, including overtime and legally mandated benefits. Where laws and regulations are insufficient, we operate within the International Labour Organisation (ILO) guidelines for working hours.

## Partners and suppliers

We encourage and expect our contractors and suppliers to follow local laws and regulations. Wherever local law or law enforcement is weaker than the Electronic Industry Citizenship Code of Conduct (EICC), we ask our partners to meet the standards set by the EICC.

## Family benefits

HMD is a family-friendly company. We support parents by providing parental leave for all staff to spend time with their new baby. In 2022, 15 employees took parental leave (7 male and 8 female). 11 returned to work during the reporting period.

## Flexible working

Our employees are entitled to flexible work arrangements including remote work, working from home and flexi-time (unless their role requires site or office presence). In 2022, 754 employees were employed on a full-time basis and 8 on a part-time basis. 7 of the part-time employees were employed on a fixed term contract.

## Incentive scheme

HMD offers its staff a discretionary incentive scheme based on company performance. This becomes available once employees have passed their three month probationary period.

## Pension scheme commitment

We offer a pension scheme in every country we operate in. In countries where there isn't a mandated state pension scheme, we contribute to private schemes so we can ensure all our employees receive pension contributions. For example, in America, we contribute to the 401K scheme that all employees are eligible to join. In 2022, HMD contributed to 42 pension schemes.

**In 2022, we employed 762 people across 44 countries.**

## Wellbeing

We're always looking for ways to improve the wellbeing of our employees. To understand how people are doing, we conduct a staff satisfaction survey twice a year. In 2022, the results showed that our employees are generally motivated, happy and engaged. We're proud to report they also feel comfortable and safe to express their opinions with management.

## Medical coverage

Every single employee globally is entitled to medical coverage.

## Employee rights

We believe everyone should feel empowered to communicate honestly with management regarding working conditions without fear of discrimination, harassment, intimidation, penalty or reprisal as a consequence. Our employees have the right and freedom of association, peaceful assembly and protest. They also have the right to collective bargaining.

Our suppliers follow the same principles and allow their workers to freely associate with the right to collective bargaining.

In 2022 all employees based in Finland, Belgium, Austria, Italy and France were covered by collective bargaining agreements.

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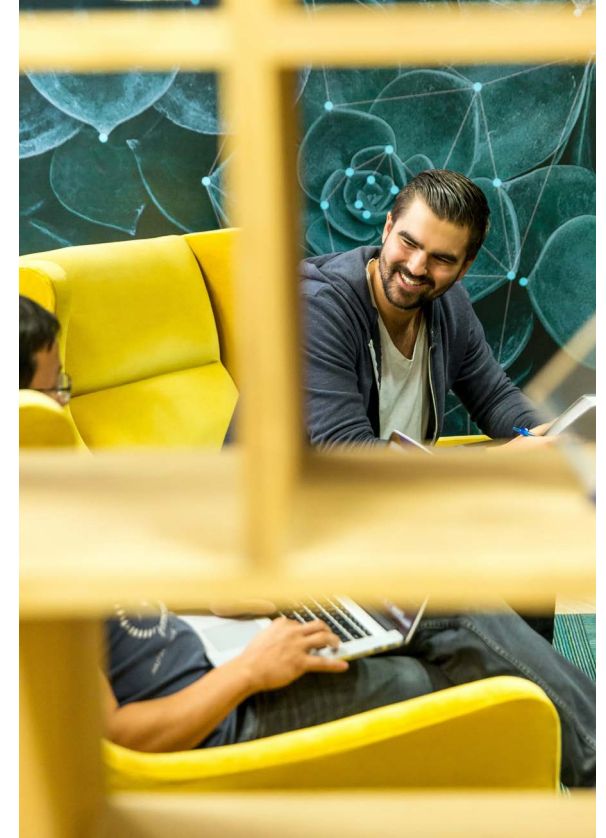
# Talent Management

**We run a robust talent management programme to attract, develop, retain and reward high performing talent.**

We recognise each employee for their contribution to the business, not just commercial performance. We have a track record for spotting exceptional talent and promoting these individuals into key roles. We always opt for promoting internal talent where we can before looking externally for candidates.

# Performance reviews

To help employees perform at their best, we facilitate bi-annual performance reviews for everyone on a full time contract.

The Objective of the performance review training is to build a high performing culture that rewards and retains our key talent. We use the standard Nine Box Grid, which allows for easy assessment of talent on two key dimensions – performance and potential. It's a proven tool for high-growth mindset companies like HMD.

The Nine Box Grid methodology provides a catalyst for robust and open dialog among senior leaders and across the regional teams. It covers:

1 – Enigma
2 – Dilemma
3 – Under Performer
4 – Growth Employee
5 – Core Employee
6 – Effective Employee
7 – Future Leader
8 – High Impact Performer
9 – Trusted Professional

Based on the resulting talent box, next steps are planned. For top talent, we develop retention and tailor development plans to support all employees realise their full potential. .

**FAIR DISMISSAL**
If, for any reason, an employee must be dismissed, we always aim to make the transition as beneficial to the dismissed employee as possible. We even offer and pay for coaching and training to help them getting their next job.

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# Education & Professional Development

**TRAINING & DEVELOPMENT**

We provide individual structured training programmes and career development plans. These are designed to focus on an employee's personal strengths and ways of working. And whilst we nurture individuals, we always seek to foster a culture of learning and collaboration.

In 2022, our goal was for each employee to spend 1 hour on training. The plan is to increase this by 50% in 2023, and again by 50% in 2024.

**SUSTAINABILITY STRATEGY TRAINING**

In 2022, we hosted sustainability training session for the Sales and Marketing teams. It covered a number of topics, including our strategy, why sustainability is important, the SLT's sponsorship of our sustainability strategy , and our key initiatives.

**2023 TARGET: 100% OF EMPLOYEES TRAINED IN SUSTAINABILITY**

In May 2023 we released obligatory training for all employees on our Sustainability Strategy and goals. A letter from the Vice President of Human Resources announced the training, which is followed by a short quiz to reinforce learnings. The second part of the training deep dives into sustainability jargon. System reminders and follow-up communications from HR, ensure everyone completes the training. What's more, it will be part of our onboarding process for all new joiners.

**SALES TEAM COACHING**

In 2022 we launched some coaching for our Sales teams. The objective is to develop, grow and inspire them to achieve their personal and professional goals. Subjects covered include: high performance, learning from failure, forming habits, goal setting, 'Why Nokia' and negotiation skills. So far, a total of 53 people have received this training, including the UK, DACH and Eastern European Sales teams.

**CLANED TRAINING PLATFORM**

In 2022, we introduced a training platform called Claned. Completion of our people's training programmes is captured and tracked on the Claned platform. Our training programme includes: Sustainability Training, General Privacy Training: General Privacy Training, Information Security Awareness and Conflict of Interest. Managerial training is also hosted here and covers everything from Talent Management to Performance Reviews.

**NOKIA MOBILE ACADEMY**

Nokia Mobile Academy is designed to engage and inspire retail store staff with the latest news on the brand and products, plus other tips and tricks. There is also plenty of personal development content, such as how to embody a winning mindset, habit forming, leadership, negotiation skills, and more. At HMD we're committed to not only training our own people but also the retail store staff of our key customers. We aim to play an active role in influencing their development and in particular building their product knowledge of our phones and services.

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# Employee Engagement

## Communication is at the heart of employee engagement at HMD

**TOWN HALL MEETINGS**
To keep up regular communication with our employees, we hold both global and regional 'Town Hall' meetings. This is where our leadership team presents details on our commercial performance, new products and services, as well as updates on global announcements and business processes.

**CELEBRATING OUR SUCCESS**
Town Hall meetings also give us the opportunity to celebrate success and highlight key milestones achieved by the team. In 2022 we held 8 'Town Hall' meetings.

**GIVING EVERYONE A VOICE**
We're not a hierarchical organisation. In fact, we operate an 'Open Door' policy where employees are encouraged to make suggestions, highlight issues and present solutions to our leadership team.

# Staff Retention

## Retention starts from the moment we recruit

Some level of attrition is natural for any business. However, we work hard to ensure that any new hires we bring on have the skills they need to thrive at HMD Global.

In 2022 our attrition rate was in line with our industry at 12%. Our tailored approach to talent management, performance monitoring and training is a key factor in helping our employees achieve their personal best and stay motivated as part of the HMD family.

Voluntary Attrition in 2022 by geographical region was presenting following split: America: 10,7%; APAC: 22,6%; Europe: 13,7%; GCR: 7,3%; India: 23,4%; MENA: 8,7%; SSA: 6,1%.

In terms of age split percentage of attrition was following: below 30 years old: 30,7%, between 30-50: 11,2% and over 50 years old: 9,4%.

Voluntary attrition 2022 by gender was almost equal Female: 13,7% and Male: 11,2%

It's worth noting that we're fulfilling the legal requirements regarding notice periods, globally.

# Representation & Recruitment

At HMD, we believe the best talent is diverse talent. That's why we have clear and transparent recruitment principles, which are designed to ensure equal access.
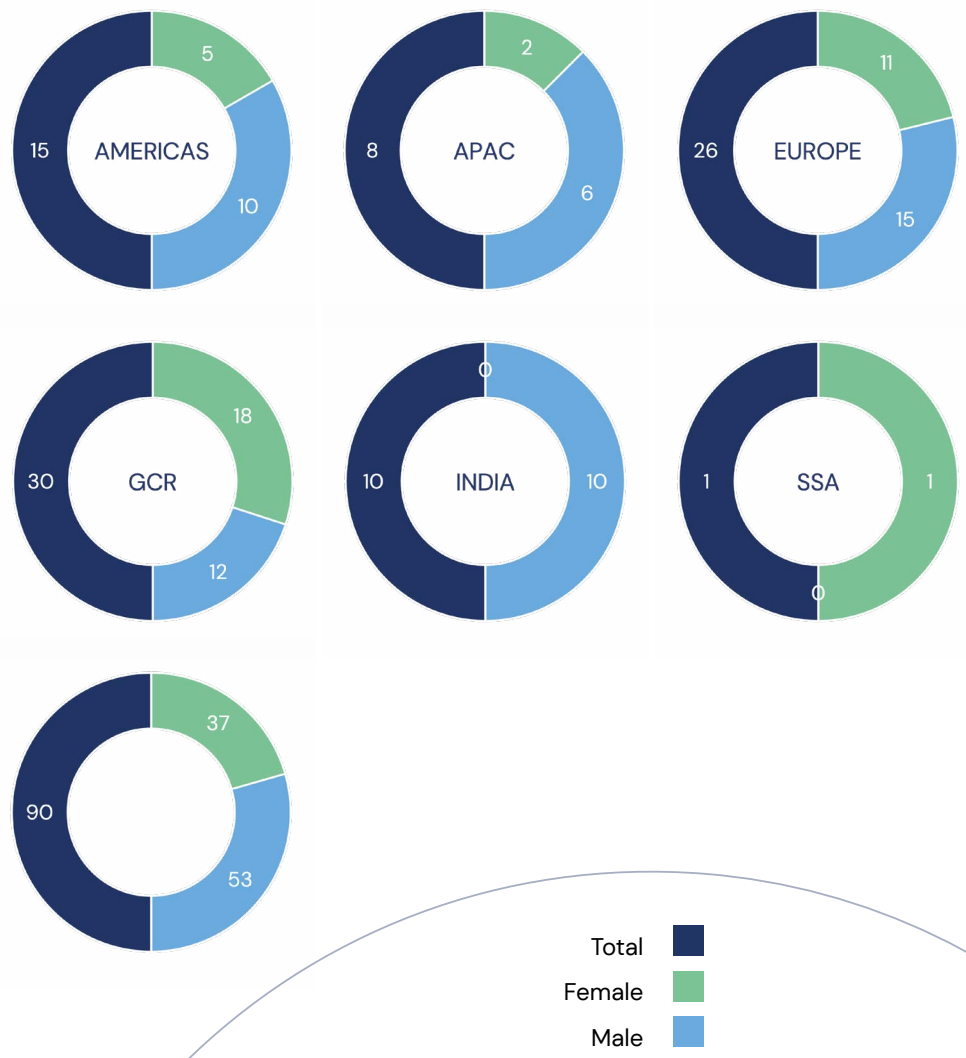
These include:

- Recruitment procedures shall be fair and transparent while complying with the legal requirements of the country HMD operates in.

- 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 that they are employed for.

- There shall be no discrimination on the grounds of religion, ethnicity, gender, sexual orientation, disability or other factors such as marital status or political opinions.

- 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 process.

- All documentation relating to applicants will be treated confidentially and in compliance with the personal data protection and privacy laws. Our Recruitment Privacy Policy can be found at **www.hmdglobal.com/privacy-portal/recruitment-privacy-policy**

More information can be found on our career's section on **www.hmdglobal.com**

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# 2022 New Hires

By the end of the 2022 reporting period, 90 new employees joined us. 53 are male and 37 are female. An overview of these new hires, including their ages and gender, can be seen below:



AMERICAS — 15, 5, 10
APAC — 8, 2, 6
EUROPE — 26, 11, 15
GCR — 30, 18, 12
INDIA — 10, 0, 10
SSA — 1, 1, 0
Total — 90, 37, 53

Total
Female
Male

# Health and Safety

**Providing a safe and healthy working environment is of the utmost importance at HMD**

Our approach to occupational Health & Safety is based on the internationally recognised OHSAS 18001 management system and the ILO guidelines. This means we operate a structured and comprehensive management system to ensure compliance with international standards, local laws and regulatory requirements.

**OUR PLAN TO KEEP STAFF SAFE**
We have a dedicated Health & Safety Policy that forms our main guidance for Health & Safety. This policy outlines our framework for preventing accidents, emergencies, occupational industries and illnesses and describes our training approach, hazard analysis and critical control points.

Based on our Policy, we created a Health & Safety plan that covers all appropriate measures and have appointed a senior manager responsible for ensuring a healthy and safe working environment for all employees.

Since May 2023, we have been ISO45001 certified.

**RISK CONTROL**
As part of our management system, we have a procedure in place to assess and control the risks of accidents and injuries as well as occupational diseases in a proactive and preventative manner.

To prevent incidents, we conduct detailed Health & Safety risk assessments, as well as regular internal audits. We have also created emergency preparedness plans including fire and first aid procedures.

**TRAINING**
We provide training for all relevant employees as well as subcontractors working on our premises. We have translated all our procedures into major languages spoken by employees to ensure there is maximum awareness and understanding of our policies.

**OUR MONTHLY SAFETY COMMITTEE**
We have a Safety Committee who are scheduled to meet every month to oversee compliance with all guidelines and procedures. It's made up of employee representatives, the Physical Safety Manager and Deputy, Office Managers, health and wellbeing representatives, and HR. It's usually chaired by the employee representative.

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

The committee's decision-making process relies on unanimous votes. All meeting outcomes are recorded and distributed via email to all attendees and are used as a baseline for subsequent meetings.

**INVOLVING EVERYONE**
As well as sharing updates with employees via the staff intranet, the committee encourage all staff to provide input and give them opportunities to raise any concerns.

We're pleased to report that in 2022 there were no work-related illness, injury or fatality situations.

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# Human Rights

## At HMD, we are committed to the Universal Declaration of Human Rights.

Our labour and human rights strategy is closely aligned with:

- The United Nations Guiding Principles on Business and Human Rights

- The International Labour Organisation's Declaration of Fundamental Principles and Rights at Work

- **The Electronic Industry Citizen Coalition Code of Conduct (EICC);** and

- The Organisation for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises.

To ensure these principles are adhered to every day, we have implemented several steps. Firstly, we conducted a human rights risk assessment for all our business units in 2020. This enabled us to compile a global risk map that highlights any potential risks, root causes and mitigation measures.

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

**PROTECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN**

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

As an employer of choice, we forbid any forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery or human trafficking at our sites or those of our suppliers. As part of our commitment to the UK Modern Slavery Act, we publish a statement of our activities annually.

We do not condone child labour and therefore no one under the working age within 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.

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## Age verification of candidates before hiring

HMD defines its organisational structure and job roles as business needs. HMD does not own any manufacturing activities so far, therefore all our job openings require a high level education, solid know-how and proven experience.

As part of our hiring process, we look at CVs, IDs, and in some locations, educational certificates.

All our employees are registered in the social security systems that are required by local legislations.

We also keep all our employee information in Sage People (HRIS), including age.

### PROTECTING YOUNG WORKERS
We don't employ young workers, however in some locations we have summer trainees. Insurances and compensations are applied based on the local legislation. These trainees are also provided with the same working conditions as our employees.

## Preventing excessive use of force and limitation of freedom of movement of employees by security forces

HMD does not employ any security forces. We are working in various office locations and all our offices are rental offices where the security is provided by the landlord/ building/property owner.

As detailed earlier in the report, we introduced flexible working in most of our locations. Our employees are able to work from home and at our offices. There is no limitation for people to move around in our offices – every employee has the same access to our office space.

## Our Original Design Manufacturing (ODM) partners are located mainly in China.

### ZERO TOLERANCE FOR CHILD LABOUR
We conduct regular Corporate Social Responsibility (CSR) audits to ensure that no child labour occurs in the region. In 2022 we were pleased to report that we had no child or forced labour incidents found from our audits with our manufacturing partners.

### EMPOWERING STAFF TO PROTECT EACH OTHER
To educate our employees so they can help us look after them, we have a Code of Conduct for all staff and a Speak-up Channel along with training. The training ensures that everyone is made aware of the potential risks. It also teaches them about our whistle-blower mechanism, so any human rights incidents can be reported.

### WHISTLE-BLOWING RIGHTS
We fully support all acts of whistle-blowing. Anyone found to retaliate or take adverse action against any person raising issues in good faith shall be subject to disciplinary actions, up to and including termination of their employment.

### OUR GOAL IS ZERO HUMAN RIGHTS INCIDENTS
To measure and evaluate our efforts in protecting human rights, we have set ourselves specific KPIs including a goal to have zero incidents. In 2022 we reported zero incidents.

### CONTINUAL PROGRESS IS ESSENTIAL
It is our duty to continually monitor and improve our performance. We do this by having our senior management team review and update our systems regularly to ensure compliance and progress.

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# Human Rights Risk Assessment Screening

We work closely with our key stakeholders to identify and assess any human rights risks. In 2020 we conducted a comprehensive human rights risk assessment with EY. It focused on specific risks within the telecommunications equipment and electronic sector.

This study included assessments on human rights risks specific to forced labour and modern slavery, child labour, working conditions, wages and discrimination in countries where we have ODM partners and salesforces. This risk assessment was done in addition to our regular risk management processes.



This assessment helped us to focus our supplier base by prioritising the auditing for high-risk areas first. In 2022, we conducted 5 Corporate Social Responsibility audits across our global phone and accessory manufacturing operations. We conducted 4 in China and 1 in Bangladesh.

# Diversity and Inclusion

## We are committed to being an equal opportunity employer.

HMD is an Equal Opportunity Employer and it is our policy to provide equal employment opportunities to all people without regard to age, race, colour, creed, religion, national origin, disability, gender, sexual orientation, veteran status, or any other basis prohibited by statute, and to promote the full realisation of an inclusive employment and service policy.

As a global organisation, we commit to ensuring our employees are diverse in their cultures, experiences and beliefs. Understanding the importance of fostering a diverse, equitable, inclusive, and belonging work environment is one of our top priorities.

Our employees, contractors, job applicants, suppliers and partners – as well as anyone who encounters our company – should never be subjected to abuse, bullying or discrimination of any kind. This is in line with our Code of Conduct, Supplier Code of Conduct, our Anti-bribery and Corruption Policy and our Human Rights and Labour Policy.

We also have an anti-discrimination and harassment policy in place, which is available to all employees. It states that no one should be judged or treated differently due to their 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 should our employees or potential employees be subjected to medical or pregnancy testing that could be used in a discriminatory way.

We host anti-harassment and anti-discrimination training to make our employees aware of facilities for religious practices, as well as access for those with disabilities. All of our offices are wheelchair accessible. Currently at HMD we have no workers on wheelchairs in the workforce neither in executive positions.

However, HMD provides equal employment opportunities to minorities. Our recruitment selection is ability and potential based and it is part of our discrimination policy that HMD is committed to the principles of equal employment opportunity and fair treatment of all individuals.

To make employees from all backgrounds feel welcome, we provide our staff the chance to celebrate local holidays and hold local parties to honour events. These include Chinese New Year and the Dragon Boat Festival in China, Midsummer in Finland, Christmas lunch in the UK, Holi, Diwali for India, Juneteenth, Labor Day and Independance Day for US.

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 2022 we recorded no cases of discrimination or harassment.
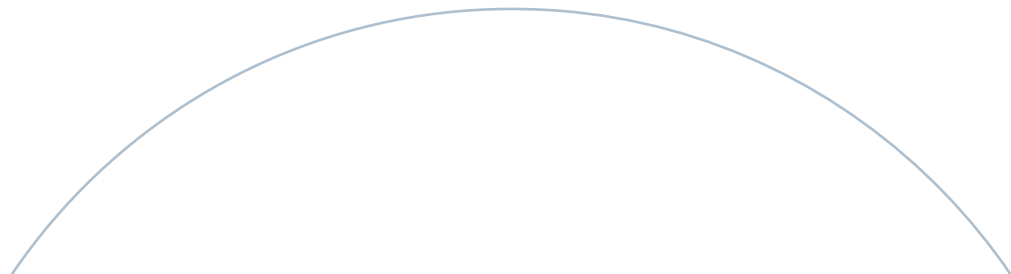
# Diversity & Inclusion

In 2022 we measured the diversity of our employees and governance body by gender and age groups. We are working towards including the ratio of basic salary and remuneration at HMD Global by gender for future reports. We have set ourselves a key target of no gender pay gap by 2027. Our current Job Architecture implementation will enable us to do this and track our performance accordingly.



Chart 1: 762 total — 244 Female, 518 Male

Chart 2: <30 — 26 Female, 26 Male, 52 total

Chart 3: 30–39 — 97 Female, 149 Male, 246 total

Chart 4: 40–49 — 95 Female, 250 Male, 373 total

Chart 5: >50 — 26 Female, 89 Male, 115 total

Chart 6: NOT RECORDED — 4 Female, 4 Male, 8 total

**Legend:**
- Total
- Female
- Male

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# Diversity & Inclusion

**DIVERSITY WITHIN NON SENIOR-LEADERSHIP EMPLOYEES 2022.**
Given that we are a global organisation, the citizenship of our employees accounted for 53 countries. Having employees from a diverse range of backgrounds is one of the strengths of our business and international collaboration is invaluable.

The majority of employees were between 30 and 50 years old. 10% of employees represented young generation being under 30, and 12% were over 50. In terms on gender split, approximately, one third of our employees are female and two thirds are male. We are looking to make the ratio between male and female employees more equal. We set ourselves ambitious goals for forthcoming years to reach 38% of gender split by 2027 and close gender pay gap by end of the same year. We treat that aspect very seriously. In terms of contract split the majority 748 employees had permanent contract and only 13 people had fixed contract agreements.

| Rest Employees excluding leadership | | | EE group (Manager) | | | EE group (Non-Manager) | | |
|---|---|---|---|---|---|---|---|---|
| | FEMALE | MALE | TOTAL | FEMALE | MALE | TOTAL | FEMALE | MALE | TOTAL |
| Under 30 | 37 | 36 | 73 | 1 | 0 | 1 | 36 | 36 | 72 |
| 30-50 | 188 | 399 | 587 | 37 | 108 | 145 | 151 | 291 | 442 |
| Over 50 | 16 | 72 | 88 | 2 | 38 | 40 | 14 | 34 | 48 |
| Total | **241** | **507** | **748** | **40** | **146** | **186** | **201** | **361** | **562** |

| | FEMALE | MALE | TOTAL | FEMALE | MALE | TOTAL | FEMALE | MALE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Under 30 | 5% | 5% | 10% | 1% | 0% | 1% | 6% | 6% | 13% |
| 30-50 | 25% | 53% | 78% | 20% | 58% | 78% | 27% | 52% | 79% |
| Over 50 | 2% | 10% | 12% | 1% | 20% | 22% | 2% | 6% | 9% |
| Total | **32%** | **68%** | **100%** | **22%** | **78%** | **100%** | **36%** | **64%** | **100%** |

| | FEMALE | MALE | TOTAL | FEMALE | MALE | TOTAL | FEMALE | MALE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Citizenship | 35 | 50 | 53 | 13 | 33 | 37 | 34 | 42 | 49 |

| | FEMALE | | FEMALE TOTAL | MALE | | MALE TOTAL | TOTAL | GRAND TOTAL |
|---|---|---|---|---|---|---|---|---|
| Row Labels | Full Time | PartTime | | Full Time | PartTime | | | |
| – | | | | 1 | | 1 | | 1 |
| Fixed Term Contract | 1 | 4 | 5 | 5 | 3 | 8 | | 13 |
| Permanent | 238 | 1 | 239 | 509 | | 509 | | 748 |
| (blank) | | | | | | | | |
| Grand Total | **239** | **5** | **244** | **515** | **3** | **518** | | **762** |

HMD have used data gathered in our internal Human Resources Information System, called Sage People. We have used monthly data from December 2022 to January 2023 to calculate our people, gender, and contract-type breakdown.

# Diversity & Inclusion

**SPOTLIGHT ON SENIOR LEADERSHIP**

In 2022, our board consisted of men over 45 years old. Our senior leadership team (SLT) consisted of CEO and his direct reports. SLT is larger and has a more diverse background. In terms of age, 50% of the SLT is between 30-50 years old and 15% are women.

In 2021, we added two women to our leadership team. As we grow, we are committed to ensuring a more diverse and balanced workforce as part of our sustainability strategy. The citizenship of our SLT covers 10 different countries.

**REMUNERATION**

SLT remuneration is subject to the same process and policy as all of our employees, and is not subject to a different salary structure or variable pay scheme. We offer sign-on bonuses on a case by case basis and this is typically to offset any loss of earning through a role move (eg unvested stock). We do not offer recruitment incentives. Any sign-on is subject to a clawback clause that is prorated over a 12 month period. Retirement benefits are in line with the country of employment and again are the same as those offered to all employees in that country.

SLT members are not specifically measured or remunerated in relation to specific Sustainability targets. However, as Sustainability underpins the overall business strategy then our commercial performance will dictate the level of reward.

## Leadership

|  | HC | FEMALE | MALE |
|---|---|---|---|
| Under 30 | 0 | | |
| 30-50 | 7 | 1 | 6 |
| Over 50 | 7 | 2 | 5 |
| Total | 14 | 3 | 11 |

|  | HC | FEMALE | MALE |
|---|---|---|---|
| Under 30 | 0% | | |
| 30-50 | 50% | 7% | 43% |
| Over 50 | 50% | 14% | 36% |
| Total | 100% | 21% | 79% |

|  |  |  |  |
|---|---|---|---|
| Citizenship | 10 | | |

**Inclusive Culture**

# Diversity, equity, inclusion and belonging

**ESTABLISHING OUR DIVERSITY COUNCIL**

HMD run global Pulse Surveys bi-annually to track everything from the level of global understanding of our Sustainability strategy through to measuring how our employees feel about Diversity, Equity and Inclusion (DEI), Compensation, Wellbeing and Performance of the Senior Lidership Team. Based on feedback from these surveys, actions are taken. One such action is to establish a Diversity Equalty & Inclusion Council, in order to ensure we continue to understand the views and needs of a diverse group of employees.

At HMD we listen to our people and in 2023 we have established a Diversity, Equity, Inclusion (DEI) Council with clear KPIs to implement initiatives across our organisation. This committee objective is to monitor the initiatives through holding regular meetings, analysing survey data, and assessing the impact of the launched initiatives.  The Council is being chaired by Michelle Wynne – Head of Marketing for Sub Sahara Africa region.

"I am thrilled and honoured to have been selected as the chairperson of the Diversity , Equity and Inclusion Council. This is an area I am very passionate about and together with fellow council members look forward to fostering an inclusive and equitable environment for all HMD employees."

**Michelle Wynne**
Head of Marketing –
Sub Sahara Africa

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**Collaboration with partners**

# Connecting the world with The Unconnected.org community

We joined forces with a charity called The Unconnected.org. We're supporting them on their mission to connect one billion digitally disadvantaged people to the internet.

- We have donated 700 devices to Unconnected.org

- The Unconnected gave some of our Smartphones to Crisis at Christmas, a UK homeless charity.

- And some of our Feature phones went to Care4Calais, which is a refugee charity in France.

**When you connect someone with a phone and the internet, you connect them to so much more.**

The Unconnected.org works with numerous organisations. One of which is Crisis, the homelessness charity in the UK. They told us how one of our donated devices helped someone who was staying at their Crisis Christmas Centre.

The gentleman had been homeless since 2018. And without a smartphone, he had been unable to claim benefits or rebuild his life because he was so disconnected from society.

**When someone is cut off from having a phone and the internet, they are cut off from so much more.**

Fortunately, with the help of Crisis and one of our donated smartphones, he was able to reconnect with his family, as well as gathering the digital information he needed to start claiming benefits – and start reclaiming his life.

"Unconnected.org are incredibly proud to be able to call HMD Global a partner in our goal of reducing digital inequality and their donation of handsets has been vital in supporting multiple projects."

**Ben Mansell**
Founder & Chief Operations Officer for Unconnected

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**Collaboration with partners**

# Our collaboration with ECOLOGI

## Over 418,000 trees planted by May 2023

- Over 418, 000 trees funded for planting across 17 projects.

- Over 80% of our trees have been planted in SSA.

- Tree planting provides work for local people communities and supports UN Sustainability goals

Ecologi is a climate action platform which supports businesses with their sustainability goals by facilitating the funding of responsible tree planting and carbon avoidance projects around the world.

The trees we've funded are planted by one of Ecologi's carefully chosen partners, **Eden Reforestation Projects**, who use an **"Employ to Plant"** methodology which helps to alleviate extreme poverty by paying local people a fair wage to plant trees and manage the nurseries.

Our collaboration with Ecologi ensures we are funding the planting of ecologically appropriate trees in the right areas, at the right time of year to maximise chances of survival, utilising invaluable local knowledge. By planting a mix of native tree species on a large scale, Eden's reforestation projects rapidly transform landscapes as well as communities, bringing numerous environmental and social benefits to the area.

Nokia phone buyers can visit **our virtual forest** to learn more about the trees that have been funded for planting across sites in Madagascar, Mozambique and Kenya.

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# A prospering planet

Protecting the planet is part of our very purpose as a business; to connect the world without costing the earth.

**hmd.**

# SNAPSHOT:
# Our commitments to the environment

We take our environmental responsibilities seriously and are committed to helping protect our natural resources and prevent climate change. Sustainability is at the heart of our decision making on everything we do, from our products, packaging and partners to our Nokia phone promise to create devices that are built to last.

- Durable phones built to last longer
- Device repairability by consumers
- Refurbishing devices for re-use
- Clear Rivers partnership
- Ecologi partnership
- E-waste prevention and reduction
- CO2e reduction
- Recycled materials used in products and packaging

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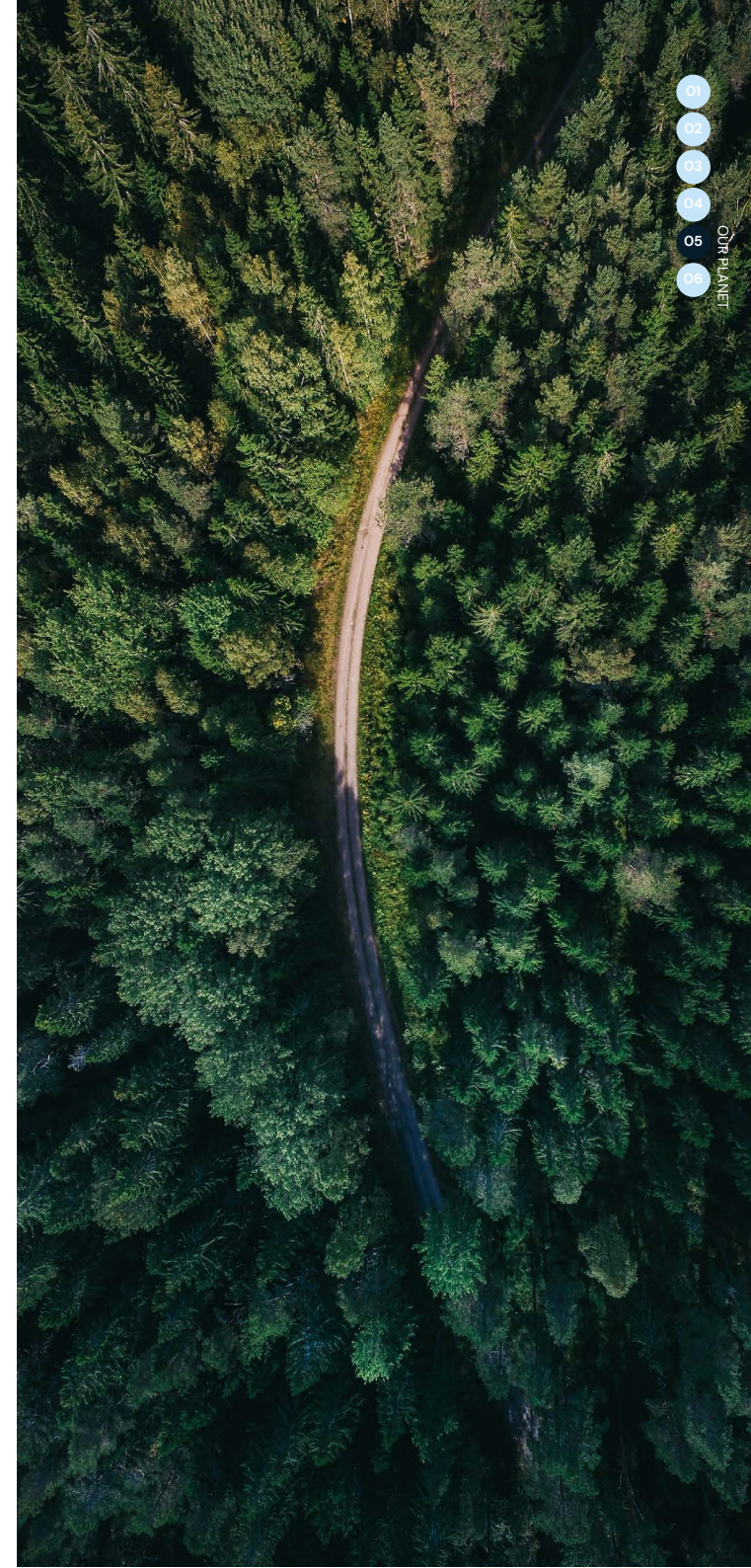
# Our Environmental Policy

**OUR GLOBAL ENVIRONMENTAL POLICY**
We've implemented a policy that all employees (and those working on HMD's behalf) must adhere to. The policy enables the business to closely:

- monitor our use of resources,
- reduce waste; and
- limit emissions to land, sea and air.

**You can access our Supplier Code of Conduct policy here.**

**OUR DESIGN FOR THE ENVIRONMENT PROCESSES**
To ensure that our products comply with the latest standards in environmental performance, we created 'Design For The Environment' processes.

**WE ALWAYS DO MORE TO CREATE LESS IMPACT**
To minimise our impact on the environment, we monitor and continuously improve our product development, production, transport, and end of life planning.

As part of the continuous improvement process set out by ISO14001, we monitor energy use, water access, the material input for products, the use of hazardous materials and chemicals, and the treatment and control of waste generation.

**We are proud to share that we reported zero non-compliances with environmental laws and regulations in 2022.**

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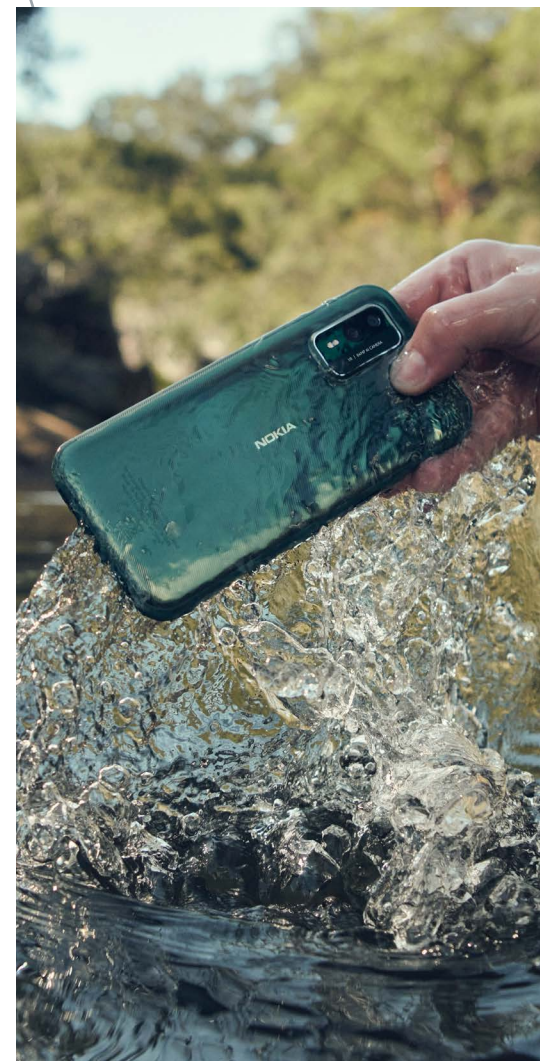
# Emissions

**MEASURING EMISSIONS**

Our journey begun in 2018 when we started measuring our Scope 3 emissions from the transportation of our product to our customers. Since then, we have doubled down on measuring our emissions in order to clearly define a robust sustainability strategy and ensure it's fit for the future.

In 2022, we partnered with an accredited third-party to validate our measurement processes based on science based targets. They also helped us to define clear KPIs for years to come. The results of this study of our emissions in 2020 & 2021, including Scope 3 Greenhouse Gas emissions, were published in 2022. We have since made the commitment to do this on an annual basis.

Additionally, we have established clear processes for the future that will allow us to measure our emissions on an ongoing basis. The aim of this is to use the data as a benchmark to set clear goals for the future.

**ANNOUNCING OUR TARGETS**

In 2022 we announced our plan to reduce GHG emissions. In 2023 we joined SBTi and have committed to set near–term company –wide emission reduction in line with climate science with the SBTi. Our detailed targets: are 42% reduction by 2030 and net zero by 2050.

We are in the process of submitting targets to SBTi at the moment, with 2021 data being our base year . Due to the nature of our business, our biggest emission reductions need to come from purchased goods and services areas where we've established initiatives under our product strategy. Which is why we are committed to building long lasting products that consume less energy during production and use, are easy to repair, harvest or recycle.

We measure upstream and downstream transportation for our products, which we were able to significantly reduce in the last few years by switching some of our transportation mainly from air transport to sea freight. We have set ourselves clear goals for improvement in that area as well.

**OFFICE ENERGY**

When it came to our office energy usage in 2022, the total was 415.26 MWh. We are using 100% renewable energy in our Espoo headquarters, as well as other offices in Finland and in the UK.

The amount of certified renewable energy purchased for our offices was 66.98 MWh. Green energy was received from solar, wind or hydro.

**INTERNAL EFFORTS**

We take internal activities to promote sustainable behaviours among employees by running sustainability trainings for all our people.

We have also implemented revised travel policies to minimise business travel and to use virtual meetings instead. Should a business trip via plane be unavoidable, employees are encouraged to travel in economy class rather than business class as the carbon footprint per economy seat is lower than per business class seat.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

# Energy and Greenhouse Gas Emissions (GHGs)

GREENHOUSE GAS PROTOCOL

**Every year, we measure, record and report back on our energy consumption and greenhouse gas emissions. We base this on the GHG Protocol.**

In 2022 we conducted our second comprehensive study alongside an accredited third-party partner. This calculated our greenhouse gas emissions for HMD Global's operations globally. All of our operating actions are under Scope 3.

The results, which were published in 2022, showed that in 2021, our carbon footprint was 1,246,924 tonnes of CO2 for the year. We've committed to repeating this process again in 2023 for our emissions in 2022 – that calculation is currently ongoing and will be published later in the year.

**87%** **of emissions are from our manufacturing.** The breakdown is as follows.

1,246,924

680,894
FP parts emissions

124,018
SP parts emissions

247,016
Electricity emissions from factories

CO2-equivalent

11,042
Services

80
Downstream transportation and distribution

42,941
Upstream transportation and distribution

**CARBON FOOTPRINT**
Our total carbon footprint in

**2020:** 1,183,578
**2021:** 1,246,924 CO2-eq

Our absolute CO2 emissions increased between 2020 and 2021 due to an increased production volumes of smartphones, and due to the inclusion of tablet manufacturing as well as packaging materials in calculation in 2021. Also the data were more accurate within the categories under Scope 3

The increase is also due to more accurate data in 2021 compared to data collected for 2020

**Breakdown of the emissions (2021):**
**87 %** – Manufacturing
**4,7 %** – Use of sold products
**3,4 %** – Transportation/Distribution
**3,4 %** – End of Life
**1,5 %** – Other

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# Resource Efficiency

## Water

In 2022 we undertook an environmental assessment to measure any negative impact for all our business operations.

Water does play a role in the manufacturing process which is outsourced to our ODMs. We require our suppliers to implement a comprehensive system to monitor, control and treat wastewater created by their operations and products. We expect our suppliers to comply fully with wastewater management obligations which includes having all the required permits and approvals in place.

HMD's own water consumption is limited to our office bathrooms and kitchens, and so not deemed material, but we manage our use carefully.

## Waste

Alongside guidelines for suppliers on the efficient use of water, we also encourage our suppliers to monitor the amount of waste produced regularly, and to obtain any permits and approvals where necessary. We also expect them to align their operations with the 'EU Waste Hierarchy' model. Meaning wherever possible, they should aim to reduce, reuse, recycle and reclaim in order to reduce the amount of waste created during the production process. The same applies to any internal waste management process.

**INTERNAL RECYCLING GUIDELINES**
We monitor our own waste regularly and have implemented measures to reuse or recycle waste. Each employee is encouraged to separate waste into dedicated waste bins, as per our recycling guidelines. 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.

**REDUCING INTERNAL E-WASTE**
We limit our internal IT devices to employee laptops and office printers. 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 e-waste. Finally, at the end of their life, all electronic devices are sent to specific electronic waste recycling companies.

# Conflict Minerals

**RESPONSIBLE SOURCING**
We have taken a number of steps to ensure the responsible sourcing of minerals needed to create our products. Tin, tantalum, tungsten and gold are all essential to manufacturing our devices. However, we know that the illegal extraction and trade of these minerals is fuelling military conflict in some countries and may cause human rights violations, as well as environmental degradation.

To mitigate this risk, we actively collaborate with industry peers through the Conflict Free Sourcing Initiative, set up by the EICC. This group helps us to improve traceability and ensure responsible sourcing.

**OUR POLICY FOR SUPPLIERS**
We've implemented a Conflict Minerals Policy which outlines that suppliers must commit to sourcing these materials from environmentally and socially responsible sources. This can be found in paragraph 4.1 of our Code of Conduct. Materials that either directly or indirectly contribute to conflict are unacceptable to us. Any suppliers that provide these will be strictly excluded during our supplier pre-selection process. These principles are a legally binding part of our supplier contracts.

**RESPONSIBLE SUPPLY CHAINS**
We conduct due diligence according to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals and Conflict–Affected and High–Risk Areas to ensure that suppliers adhere to these requirements. We also ask suppliers to conduct due diligence within their own supply chains and require them to report on the sourcing of these minerals and maintain the data for five years.

**2022 RESULTS**
In 2022 100% of all of our relevant suppliers provided us with their Conflict Mineral Reporting Template (CMRT). This is done for all of our phone models. Anyone with any concerns regarding conflict minerals is encouraged to voice these via our Speak–up channel. To improve our efforts to mitigate the risk of conflict minerals entering our value chain we host regular discussion forums with our key suppliers.

# Going further with great governance

We are making stringent plans and building robust processes to make sure we take responsible decisions, in everything we do.

**hmd.**

# SNAPSHOT:
# Our commitments to running a responsible business

Building good governance structures internally means we can ensure we are delivering on our targets, stay accountable, make sure stakeholders stay accountable, implement mechanisms to spot when things go wrong, and make plans to rectify any unforeseen situations.

- A robust strategy
- Governance structure
- Sustainability Leadership Team
- Clear reporting lines
- Regular updates and meetings to drive change
- Stakeholder engagement process
- Procurement processes
- Materiality assessment
- Our value chain
- Policies in place

# Sustainability and Governance

From our CEO to our most junior employees, everyone plays a crucial part in delivering on our targets

**ABOUT OUR CEO**

Our CEO has a dual role of chairman and CEO. This has led to more agile decision making and speed of execution, as we implemented a rapid transformation in a short timeframe. It ensures the commercial success of HMD and provides our employees with a stable and progressive working environment. HMD runs regular compliance and conflict of interest protocols to guarantee full transparency and visibility of any additional business interests. We have a strong code of conduct in these areas.

**ABOUT OUR SENIOR LEADERSHIP TEAM**

The HMD Senior Leadership team (SLT) is comprised of a group of leaders who represent all areas and functions within the business – finance, operations, marketing, sales, HR, legal and general management (CEO).  All appointments to the SLT are carefully considered and based on a combination of performance and experience.

Our board is aware of all these appointments and we ensure that they are in full support.  In addition to this, HMD gain full SLT consensus prior to adding anyone to the team.  Our processes ensure independence and no conflict of interests, and we endeavour to increase the diversity of this group as we develop our leaders of the future.  The current SLT profile is of a group of professionals with deep functional and industry experience which allows for a qualified approach to setting, communicating and executing strategy moving forward.

**EMBEDDING OUR SUSTAINABILITY STRATEGY ACROSS THE ORGANISATION**

HMD has appointed a senior team member as the General Manager of Sustainability who owns the entire process and reports directly to the SLT. Their common role is to ensure that the HMD sustainability strategy continues to progress and embedded across the organisation.

Regular meetings with  all key stakeholders are held where progress against key action points is discussed and reported on. A strong focus is put on specific deliverables within set timeframes.

**PRECAUTIONARY PRINCIPLES**

In 2022, we announced our overall sustainability strategy and goals for the coming years. For sustainability, we apply the precautionary principles. We have processes and policies in place to prevent any unwanted incidents. We go above and beyond the regulatory and industrial requirements when it comes to the reliability of our devices software (SW) and hardware (HW).

**ALIGNING WITH INDUSTRY STANDARDS**

As a part of our ongoing efforts, it's important to us that we uphold the best industry standards. That's why we have maintained our ISO9001 certification for our quality management system since 2018, and ISO14001 for our environmental management system since 2020. We also achieved ISO 27001 in 2022, and recently, in 2023, we have achieved ISO 45001 certification for Safety and Wellbeing. We are constantly embracing the most recent reporting standards. Since 2020 we've been an active part of EcoVadis initiative. We perform sustainability reporting in accordance with the GRI and CDP standards, and we measure our emissions based on the GHG Protocol  In 2023 we signed up to Science Based Targets initiative (SBTi). We publish environmental profiles for all of our products on our **website** as part of Ecorating.

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# Sustainability and Governance

**new and innovative ways to lessen our impact**

**OUR GOVERNANCE STRUCTURE**

In 2022 we tightened our governance further by establishing a steering group cadence. This supplements our existing monthly working group governance.

The sustainability working group is sponsored by our General Manager for Go to Market and Sustainability and is formed of senior managers and directors across all business functions, including Human Resources, Marketing, Supply Chain, Quality Management, Design and Finance.

The working group's responsibility is to ensure we have rigorous governance across all our functions to execute on our sustainability targets but tracking progress mitigating risks and exploiting opportunities. The working group reviews progress and actions to deliver on our sustainability goals'.

The steering committee is chaired by our CEO and consists of our Senior Leadership Team, Region VP's and GM for Go to Market & Sustainability. The Steering Committee will convene quarterly to review progress report against our targets and ensure continued sponsorship from our Senior Leadership.

The highest governance body is our CEO, and he is responsible for reviewing and approving the reported information, including the organisation's material topics.

The Sustainability Team prepares the annual sustainability (GRI) report, and it will be reviewed and approved by Legal, HR Operations and Marketing. Then it's sent for the approval of the CEO. The approved document is stored on the internal HMD SharePoint, and published at **www.hmdglobal.com.**

**Mark Dence**
General Manager –
GTM and Sustainability

In Q4 of 2022, we appointed Mark Dence as our General Manager to lead 'Go to Market' and Sustainability for HMD. Mark reports directly to the Senior Leadership Team. This role reflects HMD's desire to embed Sustainability into the core of our business and how we 'Go to Market'.

Our General Manager for 'Go to Market' and Sustainability has overall responsibility for the end–to–end planning and execution of our 'Go to Market' strategy and execution.

This starts with product concepting and design, through to how we market our products to our customers. And how we execute with our channel partners. This role is instrumental to delivering on our goal to embed Sustainability into the heart of everything we do.

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# SLT sponsorship to achieve sustainability targets

Our Sustainability Programme is cross functional and is sponsored by our Board and Senior Leadership Team.

**Jean–Francois Baril**
Chairman & CEO

Programme Sponsor

**Mark Dence**
GM GTM & Sustainability

Governance

Sustainability integrated and executed through 'Go to Market'

**Lars Silberbauer**
CMO / DTC

Circular subscription model

Designed with longevity in mind

Giving phones a 2nd life

**James Robinson**
VP: Europe/ Smart Phones

Product development

Commercial leadership

**Emma McDonnell**
HR

Diversity, equity & inclusion

Safety & wellbeing of our people

**Alain Lejeune**
COO/Core BU

CO2e emissions

Ethical sourcing & manufacture

Safety & wellbeing (ISO45001) of our partners

Reducing e-waste Sustainable materials

**Anssi Rönnemaa**
CFO

Data security

ESG financial reporting aligned to EU/IASB standards

**Jari Koljoinen**
GLC

Corporate governance

The GM for GTM and Sustainability presents quarterly updates to HMD's Senior Leadership Team on status and progress against our targets and goals. The Senior Leadership Team are then responsible for ensuring their teams, functions and regions are delivering on the strategy.

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# Stakeholder Engagement

**CLOSE AND COLLABORATIVE RELATIONSHIPS**
Meeting our stakeholders' expectations and needs regarding sustainability is essential to our business, as is working alongside them collaboratively to achieve our goals. So we openly communicate with stakeholders to foster transparency and trust.

**STAKEHOLDER WORKSHOPS**
We actively engage with internal stakeholders through workshops to seek their input on which material topics to include in this report.

We always aim to improve our ways of communicating with stakeholders in order to continually improve the impacts of our actions.

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# Key insights from our stakeholder engagements

Below is an overview of our stakeholders and how we engage with them:

| | STAKEHOLDERS | | | | |
| --- | --- | --- | --- | --- | --- |
| | CUSTOMERS | PARTNERS | SHAREHOLDERS & INVESTORS | EMPLOYEES | SUPPLIERS |
| **Key topics & interests** | Product and service quality, product safety & reliability, requirements, correctness of information, confidentiality | Product and service quality, on-time delivery, brand reputation | Financial performance, risk management, CSR | Workplace Health & Safety, training and career development, employment stability, competitive pay and benefits, work-life balance, labour relations, corporate reputation | Fair Trade membership, respectful business partnerships, shared growth, labour & human rights protection |
| **Engagement channels** | Care centres, calls, emails, Nokia Community Customer, customer satisfaction surveys, contracts, company web page and social media | Regular meetings, workshops, partner communication letters, contracts | Investor meetings, board meetings, launch events | Work council, town halls, employee satisfaction surveys, Speak-up channel, newsletters, training, performance reviews, online social events | Speak-up channel, requests for proposals, purchase agreements, regular meetings, emails, phone calls, workshops, contracts, our Supplier Code of Conduct (SCoC) |
| **Actions taken to address stakeholder concerns** | We provide easy to access product and service information. We address customer feedback. We offer competitive pricing and are industry leading for our hardware and software reliability. We also have certified management systems in place, many of which are ISO accredited | We have enhanced partnerships that aim for joint growth | We showed improved ROI and profit generation in 2021. We have robust risk management and run regular supplier base audits to ensure CSR compliance | We have implemented work/life balance improvements. We host regular "Town Hall" meetings. We invest in employee career development, conduct compensation benchmarking, diversity and gender equality promotion | We joined Fair Trade and growth promotion. We have clear contracts and POs. We actively work to build trust and conduct regular CSR audits to ensure compliance with our SCoC |

## STAKEHOLDERS

| | FINANCIAL INSTITUTIONS | GOVERNMENTS, REGULATORY BODIES AND SPECIALISED INSTITUTIONS | MEDIA/ ANALYSTS | COMPETITORS |
|---|---|---|---|---|
| **Key topics & interests** | ROI, corporate reputation, business ethics | Compliance, Health & Safety, Fair Trade | Transparent and on time disclosure of information | Product information |
| **Engagement channels** | Regular meetings | Meetings, communication including letters and emails | Press releases, comments, interviews and social media | Press releases, market trends |
| **Actions taken to address stakeholder concerns** | We are audited, have efficient and accurate payments processes and ensure that we have up to date policies in place | We monitor new regulations and laws and ensure that policies are in place and maintained | Communicate with the media via press releases and interact with the media at events | We conduct market analysis and benchmarking. |

# Materiality Assessment

HMD continued to use the Materiality Assessment that was established in 2021. We have determined our material topics through cross-functional internal reviews. After identification, we assessed actual and potential impacts – as well as negative and positive impacts – of the topics. We also prioritised the impacts for reporting based on their significance. Once ready for approval, our Senior Leadership Team approved the material topics. Our management approach and material topics are outlined below:

| Material Topic | Impact and Boundary | Management Approach |
|---|---|---|
| **ENVIRONMENT** | | |
| Materials | Our devices have components that contain precious metals. | Ensuring our suppliers do responsible sourcing and are in compliance with conflict minerals regulations. Conflict mineral policy in place, and yearly Conflict Mineral Due Diligence report done 1H 2023 onwards. |
| Energy | Electricity used in our offices. | Green/renewable energy initiatives. All Finland offices are using 100% renewable energy. |
| Water | Water used in our offices. | Not deemed as material topic. Sustainability procedure in place for Espoo office. |
| GHG Emissions | GHG emissions are presented in our yearly GHG reports. | Reduce emissions from our operations. SBTi targets established in 2023. CDP Climate program participation as well. |
| Waste | Waste created from our offices. | Not deemed as material topic. We have Office Sustainability procedure in place for Espoo office. |
| Compliance | Local and global environmental regulations that apply to our operations. | Ensure compliance to applicable regulations and laws. Received ISO14001 EMS certification during 2020, and maintaining that. |
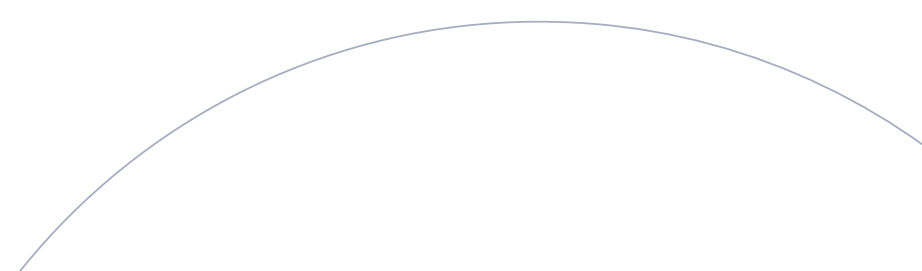
# Materiality Assessment

| Material Topic | Impact and Boundary | Management Approach |
|---|---|---|
| **PEOPLE** | | |
| Non-Discrimination | Potential risk in our supply chain | Comprehensive contracts and requirements towards our suppliers followed with regular CSR audits. |
| Human Rights | Potential risk in our supply chain | Comprehensive contracts and requirements towards our suppliers followed with regular CSR audits. |
| Rights of indigenous peoples | Potential risk in our supply chain | Comprehensive contracts and requirements towards our suppliers followed with regular CSR audits. |
| Freedom of Association and Collective Bargaining | Potential risk in our supply chain | Comprehensive contracts and requirements towards our suppliers followed with regular CSR audits. |
| Child Labour | Potential risk in our supply chain | Comprehensive contracts and requirements towards our suppliers followed with regular CSR audits. |
| Forced and Compulsory Labor | Potential risk in our supply chain | Comprehensive contracts and requirements towards our suppliers followed with regular CSR audits. |
| Talent Management | Highly skilled employees are important asset to our company. | Attract, develop, retain and reward high-performing talent. |
| Occupational Health and Safety | Potential work place risk. | Maintain our health and safety management system, ISO45001 certification received 1H 2023. |
| Employment | Benefits for employees. | Offer benefits for employees beyond legal requirements. |
| Training & Education | Increase employee awareness and knowledge. | Mandatory policy related trainings, personal development plans and training budgets. |
| Diversity and equal opportunity | Global company serving global markets we understand the value of diversity within our employees. | Promote workplace diversity and equal opportunity. Robust policies in place. |
| Freedom of association and collective bargaining | Potential risk of not providing freedom of association and collective bargaining. | Policies in place, Speak up channel implemented internally and externally to report any incidents. |

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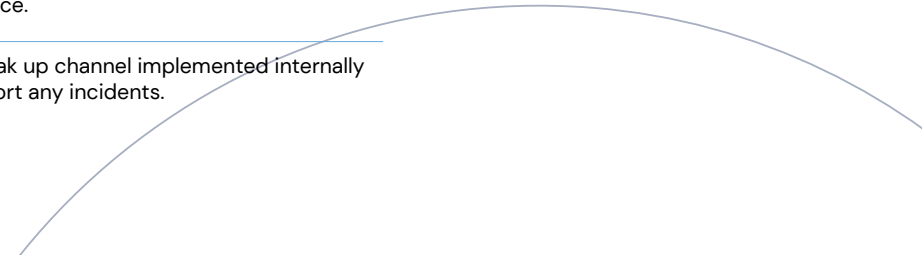
| Material Topic | Impact and Boundary | Management Approach |
|---|---|---|
| **SOCIETY** | | |
| Corruption | Corruption and bribery can cause brand damage and legal ramifications. | Zero tolerance for bribery and corruption. Also internal policies in place to force this. |
| Tax | Tax governance, control, and risk management. | HMD Global's tax strategy is to fully comply with the tax laws in the jurisdictions in which we operate. |
| Sustainable Procurement | Economic, environmental and social impacts in our supply chain. | Implement sustainable procurement policies and processes followed by regular CSR audits. ISO20400 Sustainable Procurement system under construction. |
| Compliance | Local and global environmental regulations that apply to our operations. | Ensure compliance to applicable regulations and laws. |
| Anti-Competitive Behaviour | Can lead to brand damage and legal actions. | Comply with anti-competitive laws and regulations, internal policy in place as well. |

| Material Topic | Impact and Boundary | Management Approach |
|---|---|---|
| **PRODUCT RESPONSIBILITY** | | |
| Customer Health and Safety | Potential risk to our end consumers of our devices. | Comply with product safety regulations, and have robust control processes in place to minimize the impact of potential situation. |
| Marketing and labeling | Risk of false marketing or labeling. | Comply with all applicable regulations, and extend our product development requirements to go beyond legally required levels. |
| Compliance | Potential risk to our end consumers of our devices. | Comply with all applicable regulations, and extend our product development requirements to go beyond legally required levels. |
| Personal Data Protection | We have responsibility to protect consumer's personal and confidential information. | Policies in place, Implement information security management system, and maintenance of ISO 27001 certification received during 2022. |

# We had zero reported incidents of corruption in 2022

All of our key policies are published online at **www.hmdglobal.com** including:

- Code of conduct
- Supplier code of conduct (SCoC)
- Health & Safety policy
- Environmental process
- Human rights and labour policy
- Anti-bribery and anti-corruption policy
- Anti-discrimination and anti-harassment policy
- UK modern slavery act statement

We also have a Speak-up channel for anyone, internal or external, to report any violations of these policies **here**.

# Sustainable procurement and a responsible value chain

## Our Value Chain

**In 2022 we spent time measuring the sustainability of our value chain.**

HMD is part of the Telecommunications equipment and electronic sector. The nature of our business model means that Original Design Manufacturers (ODMs) manufacture our products on our behalf. Then we (HMD) sell and distribute those products to our customers directly or via distributors. Our post-sales (or after care), as well as logistics are also handled by HMD. This means that the direct sustainability impact of our operations as HMD is in relation to our offices. However, we recognise that our social and environmental responsibility extends far beyond our company walls.

### ABOUT OUR ODMS

Our Phone and Accessories ODMs work with their own suppliers which we refer to as Tier 2 suppliers. Tier 2 suppliers procure plastics, components and precious metals for the manufacturing process.

### OUR DIRECT RELATIONSHIPS

For chipsets, however, HMD has direct relationships with the main chipset vendors for mobile devices to assure competitive prices, quality and security.

In 2022 we established direct relationships with charger manufacturers. We also extended the number of countries where we have local manufacturing in order to reduce our carbon footprint.



## Social and environmental aspects

### STRICT SUPPLIER STANDARDS

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.

### SUPPLIER CODE OF CONDUCT

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 Process, Health & Safety Policy 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.

### ENVIRONMENTAL STANDARDS

With respect to the environment, the Supplier Code of Conduct (SCoC) states that suppliers must have an Environmental Management System (EMS) in place that aligns with the ISO14001 standards. Suppliers are to regularly review applicable environmental legislation, regulations and customer requirements. They must be able to 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.

### ETHICAL 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, including all applicable national and international laws.

Similarly, we expect suppliers to commit to creating jobs that have a positive impact on people's 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.**

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# Supplier Assessments: CSR audits and compliance requirements

We have clear requirements for all suppliers to meet Corporate Social Responsibility rules. We also ask them to ensure their own suppliers meet the standard CSR requirements.

We perform periodic on-site audits aligned with the JAC and SA8000 requirements to ensure that our supplies comply with our SCoC. The areas we audit our suppliers on includes:

- Non-tolerance for child labour and juvenile workers
- Non-tolerance for forced labour
- Health & Safety compliance Freedom of association for works
- Non-tolerance for discrimination

- Disciplinary practices
- Working hours
- Wages and compensation
- Environment
- Business ethics

In 2020 we audited suppliers in China and Vietnam and, in 2021, we extended this to include India. In 2022 we included an ODM in Bangladesh. In 2022 all of our global phone ODM factories were audited by a third party as per the JAC/SA8000 requirements. Our audits found that all of the audited factories had valid certifications for ISO45001 and OHSAS 18001. We have a minimum requirement of a level B rating or above for all our global suppliers.

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# Product Quality

We stand firmly by our product quality. As a Nokia brand licensee, we ensure Nokia's world-class brand values and assurance processes regarding quality, sustainability and reliability apply to everything we do.

**QUALITY ASSURANCE**
To ensure quality, we strictly follow the ISO9001 and the IEEE standards. These requirements  are shared and explained to all of our partners and suppliers, not only during the comprehensive onboarding process, but throughout the relationship. We monitor this closely end-to-end throughout the development, production and after sales period.

**RIGOROUS RELIABILITY TESTS**
From the toughest military grade testing on our XR series to our entry devices testing beyond the competition,* our devices have a superior build quality so they can last longer. A rigorous manufacturing standard is followed for each product, a process known as one of the toughest in the world. Tests for durability include force measurements, vigorous tumble, wear and tear, fatigue tests and more. We also require standard product requirement tests from our suppliers.

**RIGHT FROM THE START**
In the concept phase for a new device, we define the feature set, development scope and timeline, plus a detailed quality assurance plan. Each development milestone has a clear checklist, as well as documentation clearly recording the inputs and outputs required in line with a predefined reporting template.

During each phase of development, there is a weekly plan with expected results and outcomes that must be completed before moving onto the next phase. The final development milestone always requires multi-party testing and quality assurance.

All our products are labelled with guidance on the recycling of devices. What's more, our user guides and quick-start guides have clear guidance on how to secure our devices.

**CUSTOMER FEEDBACK**
When sales begin, we monitor customer feedback closely so that we can investigate any potential issues and resolve them quickly. The first few weeks are critical to pick up anything that may not have been identified in the earlier phases.

Our Early Warning Programme monitors trends and feedback that could lead to a customer having a negative experience. It also highlights any new quality issues. If issues are identified, we take action to understand the potential root causes, then we solve the issue by adapting either the software, hardware or product process immediately.

**OUR CONTINUOUS IMPROVEMENT PROCESS**
Using customer feedback and new insights, we update and adjust the quality requirements accordingly. We do this through our widespread Care network, as well as several physical and digital channels available to consumers.

HMD supports its partners to also improve their processes to assure even higher quality standards. We do this through regular business auditing for quality processes. This is done in line with our CSR programme.
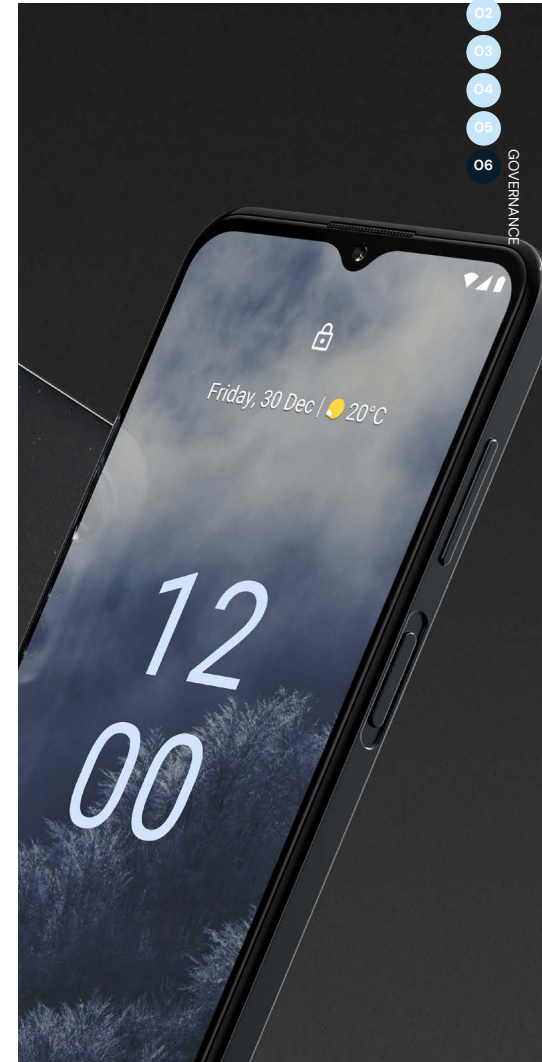
*Based on results from 3rd party guided free fall testing (IEC 60068-2-31) against top selling models in IDC 4Q21 75 – 125 $ price band

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# Customer Health & Safety

The safety of our products is of the utmost importance. We work with both our suppliers and customers to promote responsible use throughout the product lifecycle.

Our strong Standard Product Requirements (SPRs), cover all aspects of consumer safety, plus the avoidance of dangerous substances and conflict minerals. All of which are crucial parts of the sourcing process for components and services.

We have detailed environmental processes and Health & Safety requirements for all our products to ensure this. These include product material and substance content and conformance lists, product construction and disassembly, labelling and marking, product related laws and regulation, safety instruction and testing standards.

All our products meet the RoHS2 Compliance which refers to the restriction of hazardous substances in electronic and electrical products based on the European Union's Directive 2001/65/EU and EU 2015/863.

In 2022 we underwent product Health & Safety impact assessments for 100% of our products. In 2022 we recorded zero incidents of non-compliance with regulations and/or voluntary codes concerning the Health & Safety impact of our products or services.



## Customer care

We are proud of our ongoing commitment to customer care and support. On average, we received an overall customer satisfaction score of 4.67 out of 5 in 2022. We offered customer support in English 24 hours a day, 7 days a week. During business hours, we provided support in 14 languages. We collect and analyze any customer issue globally and in real-time, enabling us to address any concerns quickly.

# 4.67 / 5

# Anti-Corruption and Anti-Competitive Practices

## OUR BUSINESS ETHICS POLICY
HMD is committed to complying with the highest ethical standards. To provide overarching guidelines, we have implemented a Business Ethics Policy and a Company Code of Conduct outlining our values, principles, standards and norms of behaviour. These provide clear guidance on what we expect from our employees and external partners working on our behalf. They cover a range of issues including anti-corruption and bribery, gifts and hospitality, conflicts of interest and risk management.

## ANNUAL TRAINING
Every employee is expected to understand and comply with these policies at all times. All employees, including management, receive frequent training and updates on business ethics, as well as access to resources via our company intranet.

## REGULAR RISK ASSESSMENTS
We conduct regular compliance risk assessments that cover anti-corruption and anti-competitive practices across all sites. Awareness of any potential risks within our value chain enables us to set up the appropriate preventative measures and control mechanisms to mitigate the risks. 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.

## MONITORING INTERNAL CONTROLS
We regularly conduct compliance reviews to ensure our risk management, governance and internal controls work effectively. Root causes, as well as near misses, are thoroughly investigated.

## REPORTING VIOLATIONS
Employees must report all suspected ethics violations promptly through our Speak-up Channel or via their manager, our legal department, compliance or human resource teams. Concerns can also be submitted directly to **ethics@hmdglobal.com.**

Any subsequent internal investigations are conducted by dedicated compliance and legal specialists who are experienced in investigation procedures. It is our aim to review any reports within three business days. Should any breaches of our guidelines occur, disciplinary action will be taken.
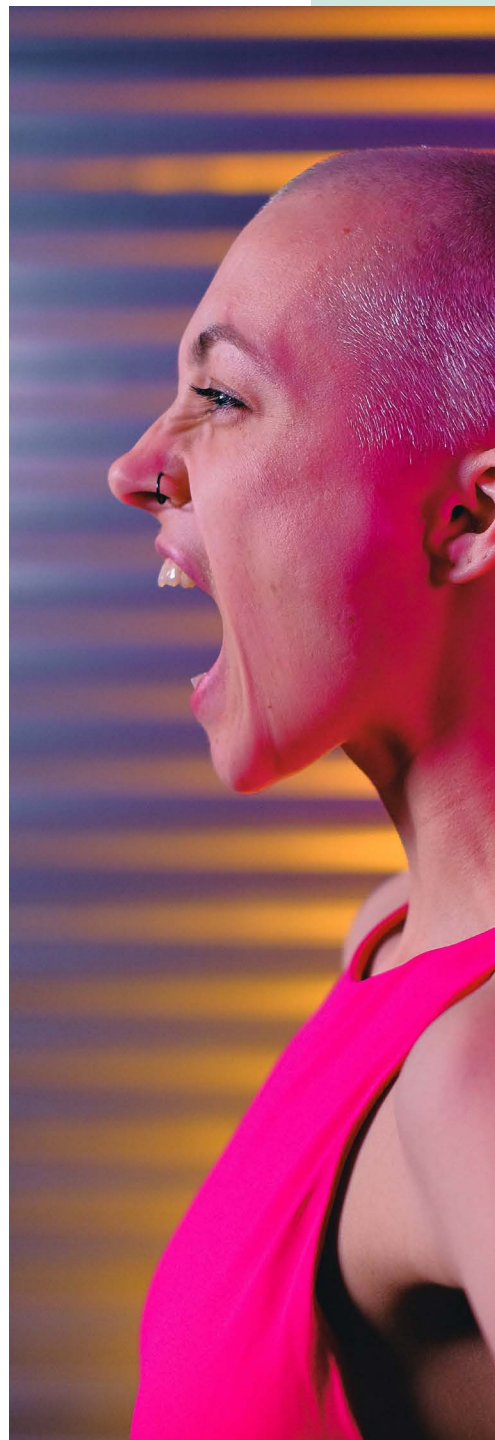
## IMPLEMENTING ACCOUNTABILITY
Our Code of Conduct and ethical expectations are set and overseen by the management team who are held accountable to establish and implement effective risk management and internal control frameworks. The same applies to our business partners who we hold accountable by incorporating 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 as well as our supply chain.

## 2022 RESULTS
In 2022 we recorded zero confirmed corruption incidents, zero legal actions for anti-competitive behavior, anti-trust and monopoly practices. We are proud to achieve this for another year in a row.

In 2022, we continued our Health & 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 & Safety impacts of our products.

We had zero non-compliances reported with laws and regulations in the social and economic area during the reporting period.

# High Risk
# corruption areas

We have assessed the possible risk areas within our operations, and the following areas are considered high risk for corruption:

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




# Senior leader roles in preventing corruption

Our senior leaders take an active role in preventing corruption across the organisation.

Specific areas of ownership are outlined below:

| Role | Responsibility |
| --- | --- |
| Board | Defining the accepted ethical behaviour through corporate policies |
| C-Level management team | Setting the tone from the top of the organisation |
| Leadership team | Overseeing, identifying and managing risks through regional compliance committees |
| Controls and compliance team | Providing training and support to the organisation, monitoring compliance |
| Legal | Providing legal support and guidance |
| Direct line managers | Supervising and supporting employees, management control |

# We encourage our employees to Speak-Up

We cannot live up to our commitment to integrity if employees cannot speak up freely. Which is why we encourage people to raise concerns to help protect themselves, each other and the organisation. How? By fostering an environment where open, honest communication is the expectation, not the exception.

For situations where there is a preference to report information anonymously and in confidence, we have a formal 'Speak Up' channel, hosted by a third-party provider, EthicsPoint.

It's available for employees to disclose non-public information they believes is evidence of breach of ethical or legal norms, such us:

- A violation to law or a regulation
- A violation to HMD Code of Conduct or other company policies
- A gross mismanagement or waste of company's funds.

All HMD employees have a responsibility to disclose known or suspected unethical behavior. Not reporting known or suspected unethical behavior is also a violation to the Code of Conduct.

What's more, we are committed to protecting employees who raise concerns in good faith. Which is why HMD has a zero retaliation policy to any employee using the Speak-up channel.

## CONFLICT OF INTEREST
HMD have a robust approach as outlined in our Conflict of Interest policy and declaration. All our employee contracts (inc. Senior Management/SLT) include clauses to protect against any Conflicts of Interests.

## GRIEVANCES
For the purposes of this document we have used the context of pay equality along with the overall Grievance measures that HMD have in place. HMD is strongly committed to conducting its activities in accordance with the highest standards of ethical conduct.

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# Responsible information management

**HMD respects privacy and compliance with all applicable data protection and privacy laws including the EU General Data Protection Regulation (GDPR).**

These set strict standards for respecting human rights including privacy. HMD devices do not, and will not, include any censorship capabilities or features.

HMD's privacy policies and practices achieved ISO 27001 certification in 2022 and are extending this to ISO 27701 in 2023.

### DATA PROTECTION OFFICER

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

### PROTECTING CUSTOMER INFORMATION

HMD is committed to protecting personal customer information and is responsible for any data that we hold, collect or use.

Data collected by HMD from sold smartphone and tablet devices is stored, apart from China, at our servers in Finland provided by Google Cloud Platform. For our smartphone and tablets that are sold in China, the data is stored at our servers mainland China.

### OPEN COMMUNICATIONS

Honesty and transparency are important to us as an organisation. Customers can easily access information about our data collection policies on our website, including what types of data is collected when a phone is first activated. We clearly communicate all 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 comply.

### SECURITY IS A PRIORITY

Our security updates go hand in hand with our ethos of democratising security and going beyond the already stringent Android Enterprise Recommended requirements. HMD delivers two times more security updates compared to most competitors in the first three years of device ownership..

Information security and privacy are not only taken seriously for the products and services that we deliver, but the same approach is taken for our own internal processes as well. From our Information Security, Personal IT and Business Ethics policies to our Company Code of Conduct, we set out clear and responsible information management guidelines for every employee to comply with.

### MANAGING RISK

We have both proactive and reactive risk management mechanisms. We host training and security risk assessments regularly. We take preventative measures to ensure information and physical security. We limit access to our databases containing personal information to authorised personnel only.

Personal data is never transferred without ensuring it is safe and compliant. We have a Data Retention Policy to ensure data is destroyed securely in accordance with applicable laws or contractual obligations.

### INCIDENT RESPONSE PROCEDURE

As part of our reactive risk management mechanism, we have implemented an incident response procedure (IRP) to

manage any occurring breaches of confidential information.

Security breaches, and any concerns about the integrity of our responsible information management systems, can be reported via our Speak-Up channel. And we maintain a breach tracker to document any data breaches.

In 2022 we had zero authority reported incidents in relation to disclosure of non-public information.

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# We hold ourselves the the highest standards of compliance

As part of our ongoing commitment to continuous improvement, we've aligned our sustainability strategy with a number of internationally recognised associa-tions, these include:

- **The Carbon Disclosure Project (CDP)**
  Member since 2020. We will be publishing for the first time in 2023.
  **Science Based Targets initiative (SSBTi)**
- **Official committed member (as seen on their web-site). Detailed targets to be submitted June 2023.**
- **United Nations Global Compact (UNGC)**
  Our 2022 report was submitted in May 2023.
- **Global Reporting Initiative (GRI)**
  We have been GRI reporting since 2020. First report published in 2021

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# About this report

This is our third sustainability report, which has been prepared in accordance with the GRI 2021 standards: core option. It covers the reporting period from 1 January 2022 to 31 December 2022 and will be prepared annually. The reporting periods are aligned with both the financial year and the reporting year.

It reflects our passion, dedication and contribution to sustainability as outlined by the UN Sustainable Development Goals (SDGs) and the 10 Principles of the UNGC.

Data presented in this report is from our global offices and operations, including transportation of goods.

Manufacturing is outsourced to our ODM partners and is out of scope for this report. However, we have chosen to include information on how we govern and manage our relationships with our ODM partners and suppliers.

This information is reported to the best of our knowledge and in good faith. At this point in time, we have not chosen to validate this information by an external third party, but we plan to do so in the future.

We're always looking for opportunities to improve our processes and ways of working, and we welcome all feedback from stakeholders.

Please direct any questions or comments to **sustainability@hmdglobal.com**

You can find our latest news via our press releases page at: **www.hmdglobal.com/ business-knowledge-hub**

For more information on our recycling policies visit: **www.hmdglobal.com/business-ethics**

PUBLISHED ON JUNE 13TH 2023

# GRI Content Index

**Statement of Use:**

HMD Global Oy has reported in accordance with the GRI Standards (2016 & 2021) for the period 1 January 2022 — 31 December 2022.

We publish GRI based Sustainability Report once a year.

* Financial reporting following the same period.

**Date of publishing report**: 13.06.2023

Our reporting is prepared in accordance with the GRI Standards. This means that our reporting covers all the General Disclosures, as

well as the Topic-specific Standards we deem material. In this online GRI Content Index, we list our disclosures with reference to the GRI Standards.

The location references are complemented in the index with additional information, such as explanations on reasons for omission as necessary.

In terms of the GRI Standards, the management approach to sustainability is described in the Strategy, governance, and stakeholders chapter.

In addition, topic-specific chapters in the report describe the respective opportunities and challenges, while providing context on why the topic is material.

Topic-specific chapters further explain respective strategies and policies as well as respective processes, procedures and systems.

**GRI 1 used:**

GRI 1: Foundation 2021

| GRI # | Content indicator | Pages | Notes and omissions | UNGC principles | SDGs |
|---|---|---|---|---|---|
| **GENERAL DISCLOSURES** | | | | | |
| **GRI 2: GENERAL DISCLOSURES 2021** | | | | | |
| 2-1 | Organizational Details | 10 | About HMD | | |
| 2-2 | Entities included in the organization's sustainability reporting | 58 ; See note | Sustainability reporting is a cross-functional activity including multiple entities (Marketing, Operations, Supply Chain, Legal, HR, Product, Design) withing HMD Global Oy. None of the reporting work is outsourced. | | |
| 2-3 | Reporting period, frequency and contact point | 75-76 | | | |
| 2-4 | Restatements of information | See note | No restatements of information. | | |
| 2-5 | External assurance | See note | No external assurance has been done. | | |
| 2-6 | Activities, value chain, and other business relationships | See note | We closed 3 offices, and the latest status of 2022 used offices can be found from page 12. | | |
| 2-7 | Employees | 32 | | | |
| 2-8 | Workers who are not employees | See note | We don't have this data consolidated at the moment, we are aiming to have this in place by Q2/202 | | |
| 2-9 | Governance structure and composition | 57 | | | |
| 2-10 | Nomination and selection of the highest governance body | 57 | | | |
| 2-11 | Chair of the highest governance body | 57 | | | |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | 57-58 | | | |
| 2-13 | Delegation of responsibility for managing impacts | 63-65,72 | | | |
| 2-14 | Role of the highest governance body in sustainability reporting | 57 | | | |
| 2-15 | Conflicts of interest | 34, 57, 71,73 | Yearly CoI declaration mandatory for all employees. | | |
| 2-16 | Communication of critical concerns | See note | Risks are reviewed by Senior Leadership team quaterly, and report is delivered after review to Top Management and Highest Governance Body. | | |
| 2-17 | Collective knowledge of the highest governance body | See note | We are working on providing this data point in the next report. | | |
| 2-18 | Evaluation of the performance of the highest governance body | See note | Highest governance body participates to the frequent board meetings, but no formal performance assessments are done. | | |
| 2-19 | Remuneration policies | 42, 44 | | | |
| 2-20 | Process to determine remuneration | 44 | | | |
| 2-21 | Annual total compensation ratio | See note | Confidential information, not disclosed in this report. | | |
| 2-22 | Statement on sustainable development strategy | 14-17 | | | |
| 2-23 | Policy commitments | 32, 35-38, 41, 50, 54, 63-67,71,74 | | | |
| 2-24 | Embedding policy commitments | 32, 35-38, 41, 50, 54, 63-67,71,74 | | | |
| 2-25 | Processes to remediate negative impacts | 25, 53, 69 | | | |
| 2-26 | Mechanisms for seeking advice and raising concerns | 39, 41, 54, 61, 64, 66, 71,73,74 | Speak up channel in our web pages www.hmdglobal.com for internal and external stakeholders. | | |
| 2-27 | Compliance with laws and regulations | 36-39, 57, 61,63,65, 67,68,70-74 | | | |
| 2-28 | Membership associations | 17, 75 | | **Principle 8:** Undertake initiatives to promote greater environmental responsibility | |
| 2-29 | Approach to stakeholder engagement | 61-62 | | | |
| 2-30 | Collective bargaining agreements | 32, 64 | | **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining | |

**MATERIAL TOPICS**

**GRI 3: MATERIAL TOPICS 2021**

| | | | |
|---|---|---|---|
| 3-1 | Process to determine material topics | See note. | Material topics were delected throughout multiple internal workshops and inputs from stakeholders to focus on the important topics. Materiality Assesment was done based on these inputs. |
| 3-2 | List of material topics | 63-65 | See materiality analysis in the report. |
| 3-3 | Management of material topics | 63-65 | See all relevant disclosures below, by topic. |

**TOPIC STANDARDS**

**GRI 200: ECONOMIC TOPICS**

**GRI 201: ECONOMIC PERFORMANCE**

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | Not material, not applicable to HMD Global Oy. |
| 201-1 | Direct economic value generated and distributed | See note | Not material, not applicable to HMD Global Oy. |
| 201-2 | Financial implications and other risks and opportunities due to climate change | See note | Not material, not applicable to HMD Global Oy. |
| 201-3 | Defined benefit plan obligations and other retirement plans | See note | Not material, not applicable to HMD Global Oy. |
| 201-4 | Financial assistance received from government | See note | Not material, no financial assistance received from government. |

**GRI 202: MARKET PRESENCE**

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | Not material, not applicable to HMD Global Oy. |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | 31-31, 40 See note | Majority of workers or employees are not compensated based on minimum wages, so this is deemed not material. |
| 202-2 | Proportion of senior management hired from the local community | See note | Senior management is hired globally no matter the location, so this is deemed not material. |

**GRI 203: INDIRECT ECONOMIC IMPACTS**

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | Not material, not applicable to HMD Global Oy. |
| 203-1 | Infrastructure investments and services supported | See note | Not material, no major infrastructure investments done. |
| 203-2 | Significant indirect economic impacts | See note | Not material, no major indirect economic impacts. |

**GRI 204: PROCUREMENT PRACTICES**

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | Not material, not applicable to HMD Global Oy. |
| 204-1 | Proportion of spending on local suppliers | See note | Not material, no major spending on local suppliers. |

**GRI 205: ANTI-CORRUPTION**

| | | | | |
|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is material topic and references to report pages provided below. | **Principle 10:** | **SDG 16:** |
| 205-1 | Operations assessed for risks related to corruption | 65,66,71,72 | | Businesses should work against corruption in all its forms, including extortion and bribery | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels |
| 205-2 | Communication and training about anti-corruption policies and procedures | 65,66,71,72 | | | |
| 205-3 | Confirmed incidents of corruption and actions taken | See note | Zero confirmed corruption cases during reporting period. | | |

**GRI 206: ANTI-COMPETETIVE BEHAVIOR**

| | | | | |
|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is material topic and references to report pages provided below. | **Principle 10:** | **SDG 16:** |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 71; See note | Zero confirmed incidents or actions related to anti-competitive, anti-trust or monopoly topics. | Businesses should work against corruption in all its forms, including extortion and bribery | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels |

**GRI 207: TAX**

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | This is material topic and references to report pages provided below. |
| 207-1 | Approach to tax | See note | HMD Global's tax strategy is to fully comply with the tax laws in the jurisdictions in which we operate. |
| 207-2 | Tax governance, control, and risk management | See note | The tax governance and control framework are embedded in HMD´s internal controls and compliance framework.<br>The Corporate Controller is ultimately responsible for tax compliance.<br><br>Our approach regarding tax disclosures is included in HMD´s Financial Statements, which are audited by independent external auditors ( PwC ) . Concerns about unethical or unlawful behavior can be reported through our Speak Up - channel. |
| 207-3 | Stakeholder engagement and management of concerns related to tax | See note | HMD operates in several different countries and jurisdictions and is exposed to several different tax legislations. HMD engages with tax authorities in various jurisdictions through routine tax inquiries and audits. HMD is subject to income taxes in numerous jurisdictions and the calculation of the Group's tax expense and tax liabilities involves a degree of estimation and judgement.<br><br>Tax balances reflect the management's understanding and interpretation of existing tax laws and regulations. Management periodically evaluates positions taken in tax returns with respect of situations in which the applicable tax regulation may be subject to interpretation and adjusts income tax liabilities where appropriate |
| 207-4 | Country-by-country reporting | See note | HMD is filing annually country by country reporting to the Finnish Tax Administration as the ultimate parent entity of the HMD Group is domiciled in Finland. |

**GRI 300: ENVIRONMENTAL DISCLOSURES**

**GRI 301: MATERIALS**

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is material topic and references to report pages provided below. | **Principle 9:** | **SDG 9:** |
| 301-1 | Materials used by weight or volume | See note | Confidential information that can't be shared publicly. | encourage the development and diffusion of environmentally friendly technologies | Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation |
| 301-2 | Recycled input materials used | 8 | In our move towards using fully sustainable packaging, all of our G-, X-, XR- and T-series devices launched after September 2022 plus the accessories packaging were made of certified FSC- Mix materials | | |
| 301-3 | Reclaimed products and their packaging materials | See note | We have product specific targets in place for reclaimed products, but this is confidential information.<br>Through component harvesting process we harvested **3298kg** parts for reuse during year 2022.<br>Total amount of products placed on global markets was in year 2022: **10 789 121kg** | | **SDG 12:**<br>Ensure sustainable consumption and production patterns |

**GRI 302: ENERGY**

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is material topic and references to report pages provided below. | **Principle 7:** | **SDG 7:** |
| 302-1 | Energy consumption within the organization | 51-52,63 | | Businesses should support a precautionary approach to environmental challenges | Ensure access to affordable, reliable, sustainable and modern energy for all |
| 302-2 | Energy consumption outside of the organization | 51-52 | | | |
| 302-3 | Energy intensity | 51-52 | | | |
| 302-4 | Reduction of energy consumption | 51-52 | | **Principle 8:** | **SDG 13:** |
| 302-5 | Reductions in energy requirements of products and services | 24, 51-52 | | Undertake initiatives to promote greater environmental responsibility | Take urgent action to combat climate change and its impacts |

## GRI 303: WATER AND EFFLUENTS

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is not a material topic for HMD Global since water use is limited to IT office use, and not measured since it is part of the office lease agreements. We do have a procedure in place to minimize water use in the offices. | | |
| 303-1 | Interactions with water as a shared resource | See note | This is not a material topic for HMD Global since water use is limited to IT office use, and not measured since it is part of the office lease agreements. We do have a procedure in place to minimize water use in the offices. | | |
| 303-2 | Management of water discharge-related impacts | See note | This is not a material topic for HMD Global since water use is limited to IT office use, and not measured since it is part of the office lease agreements. We do have a procedure in place to minimize water use in the offices. | | |
| 303-3 | Water withdrawal | See note | This is not a material topic for HMD Global since water use is limited to IT office use, and not measured since it is part of the office lease agreements. We do have a procedure in place to minimize water use in the offices. | | |
| 303-4 | Water discharge | See note | This is not a material topic for HMD Global since water use is limited to IT office use, and not measured since it is part of the office lease agreements. We do have a procedure in place to minimize water use in the offices. | | |
| 303-5 | Water consumption | See note | This is not a material topic for HMD Global since water use is limited to IT office use, and not measured since it is part of the office lease agreements. We do have a procedure in place to minimize water use in the offices. | | |

## GRI 304:  BIODIVERSITY

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is not a material topic for HMD Global. | | |
| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | See note | No offices in such areas. | | |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | See note | No such activities. | | |
| 304-3 | Habitats protected or restored | See note | No activities on this topic. | | |
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | See note | No impacts of our operations. | | |

## GRI 305: EMISSIONS

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is material topic and references to report pages provided below. | **Principle 7:** Businesses should support a precautionary approach to environmental challenges | **SDG 13:** Take urgent action to combat climate change and its impacts |
| 305-1 | Direct (Scope 1) GHG emissions | 51-52 | | | |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 51-52 | | | |
| 305-3 | Other indirect (Scope 3) GHG emissions | 51-52 | | **Principle 8:** | |
| 305-4 | GHG emissions intensity | See note | We are not currently calculating this data. | Undertake initiatives to promote greater | |
| 305-5 | Reduction of GHG emissions | 21, 51-52 | | environmental responsibility | |
| 305-6 | Emissions of ozone-depleting substances (ODS) | See note | We are not currently calculating this data. | | |
| 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | See note | Not applicable for our line of business. | | |

**GRI 306: WASTE**

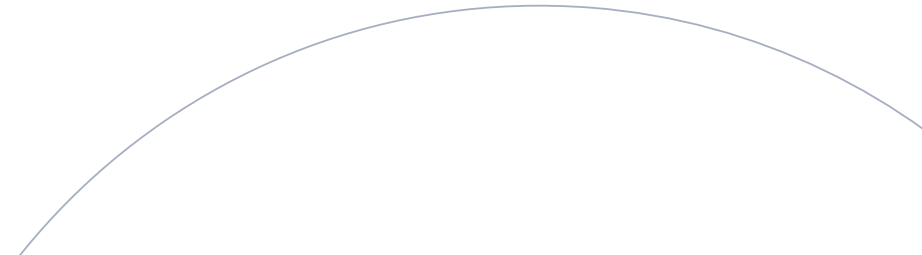| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | This is not a material topic for HMD Global, since we only have leased offices, and the waste is limited to IT office waste. Industry averages are used to calculate waste in our GHG reporting. |
| 306-1 | Waste generation and significant waste-related impacts | See note | This is not a material topic for HMD Global, since we only have leased offices, and the waste is limited to IT office waste. Industry averages are used to calculate waste in our GHG reporting. |
| 306-2 | Management of significant waste-related impacts | See note | This is not a material topic for HMD Global, since we only have leased offices, and the waste is limited to IT office waste. Industry averages are used to calculate waste in our GHG reporting. |
| 306-3 | Waste generated | See note | This is not a material topic for HMD Global, since we only have leased offices, and the waste is limited to IT office waste. Industry averages are used to calculate waste in our GHG reporting. |
| 306-4 | Waste diverted from disposal | See note | This is not a material topic for HMD Global, since we only have leased offices, and the waste is limited to IT office waste. Industry averages are used to calculate waste in our GHG reporting. |
| 306-5 | Waste directed to disposal | See note | This is not a material topic for HMD Global, since we only have leased offices, and the waste is limited to IT office waste. Industry averages are used to calculate waste in our GHG reporting. |

**GRI 307: ENVIRONMENTAL COMPLIANCE**

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. |
| 307-1 | Non-compliance with environmental laws and regulations | See note | We have had zero non-compliance issues with environmental laws and regulations during the reporting period. No fines or sanctions received. |

**GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT**

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 8:** | **SDG 12:** |
| 308-1 | New suppliers that were screened using environmental criteria | 68 | | undertake initiatives to promote greater environmental responsibility | Ensure sustainable consumption and production patterns |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | 68 | | | |

**GRI 400: SOCIAL DISCLOSURES**

**GRI 401: EMPLOYMENT**

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | | **SDG 8:** |
| 401-1 | New employee hires and employee turnover | 36 | | | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 32 | | | |
| 401-3 | Parental leave | 32 | | | |

**GRI 402: LABOR/MANAGEMENT RELATIONS**

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | | **SDG 8:** |
| 402-1 | Minimum notice periods regarding operational changes | 33 | | | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |

## GRI 403: OCCUPATIONAL HEALTH AND SAFETY

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | | **SDG 3:** |
| 403-1 | Occupational health and safety management system | 37, 64, 68, 91 | Certification for ISO45001 received during 1H 2023. | | Ensure healthy lives and promote |
| 403-2 | Hazard identification, risk assessment, and incident | 16, 37, 50,70 | | | well-being for all at all ages |
| 403-3 | Occupational health services | See note | Available for 100% of employees. | | |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | 37,64,67 | | | **SDG 8:** |
| 403-5 | Worker training on occupational health and safety | 37,64,67 | | | Promote sustained, inclusive and sustainable economic growth, full and |
| 403-6 | Promotion of worker health | 37 | | | productive employment and decent |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 37 | | | work for all |
| 403-8 | Workers covered by an occupational health and safety management system | 37 | | | |
| 403-9 | Work-related injuries | See note | We had zero work-related injuries during the reporting period. | | |
| 403-10 | Work-related ill health | 19, 37 | | | |

## GRI 404: TRAINING AND EDUCATION

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | | **SDG 4:** |
| 404-1 | Average hours of training per year per employee | See note | We don't have automated way yet to report this - this is under development at the moment. We are using Claned tool as training platform. | | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | 33-34 | | | |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | See note | 100% of employees receive yearly performance and career development reviews. | | |

## GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 6:** | **SDG 5:** |
| 405-1 | Diversity of governance bodies and employees | 41-45 | | the elimination of discrimination in respect of employment and occupation | Achieve gender equality and empower all women and girls |
| 405-2 | Ratio of basic salary and remuneration of women to men | See note | We don't have this data available yet, we are targeting to have it by Q4/2023 | | |

## GRI 406: NON-DISCRIMINATION

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 6:** | **SDG 5:** |
| 406-1 | Incidents of discrimination and corrective actions taken | See note | Zero discrimination incidents reported during reporting year. | the elimination of discrimination in respect of employment and occupation | Achieve gender equality and empower all women and girls |
| | | | | | **SDG 10:** |
| | | | | | Reduce inequality within and among countries |

## GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 3:** | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 31-32, 64 | | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining | |

## GRI 408: CHILD LABOR

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 1:** | **SDG 8:** |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | 16, 38-40, 64, 68 | | Businesses should support and respect the protection of internationally proclaimed human rights | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |
| | | | | **Principle 2:** | |
| | | | | make sure that they are not complicit in human rights abuses | |

## GRI 409: FORCED OR COMPULSORY LABOR

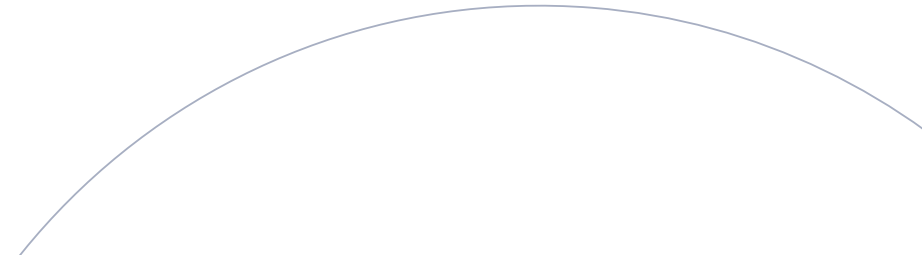| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 1:**<br>Businesses should support and respect the protection of internationally proclaimed human rights<br><br>**Principle 2:**<br>make sure that they are not complicit in human rights abuses | **SDG 8:**<br>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | 16, 38-40, 64, 68 | | | |

## GRI 410: SECURITY PRACTICES

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 1:**<br>Businesses should support and respect the protection of internationally proclaimed human rights | |
| 410-1 | Security personnel trained in human rights policies or procedures | See note | Security personnel receive the same formal training as all other employees on human rights policies. | | |

## GRI 411: RIGHTS OF INDIGENOUS PEOPLES

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 1:**<br>Businesses should support and respect the protection of internationally proclaimed human rights<br><br>**Principle 2:**<br>make sure that they are not complicit in human rights abuses | |
| 411-1 | Incidents of violations involving rights of indigenous peoples | See note | Zero incidents during reporting period regarding violations involving rights of indigenous peoples. | | |

## GRI 412: HUMAN RIGHTS ASSESSMENT

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 1:**<br>Businesses should support and respect the protection of internationally proclaimed human rights<br><br>**Principle 2:**<br>make sure that they are not complicit in human rights abuses | **SDG 8:**<br>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |
| 412-1 | Operations that have been subject to human rights reviews or impact assessments | 32, 38-41,54,61, 64, 66,67, 74, | | | |
| 412-2 | Employee training on human rights policies or procedures | See note | 100% of employees receive training on human rights policy. | | |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | See note | All supplier contracts contain requirements on Supplier Code of Conduct which references all HMD Global policy compliancy. | | |

## GRI 413: LOCAL COMMUNITIES

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is not a material topic for HMD Global. | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | See note | No major operations with local communities engaged during the reporting period. | | |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | See note | No actual or potential negative impacts on local communities during reporting period. | | |

## GRI 414: SUPPLIER SOCIAL ASSESSMENT

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 1:**<br>Businesses should support and respect the protection of internationally proclaimed human rights | **SDG 12:**<br>Ensure sustainable consumption and production patterns |
| 414-1 | New suppliers that were screened using social criteria | 32,38, 41,53, 54,61, 63-70 | We perform regular CSR audits to our suppliers based on SA8000 requirements. | | |
| 414-2 | Negative social impacts in the supply chain and actions taken | See note | Zero reported negative social impact incidents reported during reporting period. | **Principle 2:**<br>make sure that they are not complicit in human rights abuses<br><br>**Principle 3:**<br>Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining<br><br>**Principle 4:**<br>the elimination of all forms of forced and compulsory labour | **SDG 17:**<br>Strengthen the means of implementation and revitalise the global partnership for sustainable development |

## GRI 415: PUBLIC POLICY

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | This is not a material topic for HMD Global. |
| 415-1 | Political contributions | See note | No political contributions were made during the reporting period. |

## GRI 416: CUSTOMER HEALTH AND SAFETY

| | | | | | |
|---|---|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. | **Principle 1:**<br>Businesses should support and respect the protection of internationally proclaimed human rights | **SDG 3:**<br>Ensure healthy lives and promote well-being for all at all ages |
| 416-1 | Assessment of the health and safety impacts of product and service categories | 70 | Product health & safety impacts are assessed throughout the product lifecycle for all device models. | | |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | See note | Zero incidents of non-compliance concerning the health and safety impacts of products or services during reporting period. Any risks raised for health or safety related incidents are handled through our IRM Incident Response Management process. | **Principle 2:**<br>make sure that they are not complicit in human rights abuses | |

## GRI 417: MARKETING AND LABELING

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. |
| 417-1 | Requirements for product and service information and labeling | 69-70 | |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | See note | Zero Incidents of non-compliance concerning product and service information and labeling during reporting period. |
| 417-3 | Incidents of non-compliance concerning marketing communications | See note | Zero Incidents of non-compliance concerning marketing communications during reporting period. |

## GRI 418: CUSTOMER PRIVACY

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | See note | Zero Substantiated complaints concerning breaches of customer privacy and losses of customer data during reporting period. |

## GRI 419: SOCIOECONOMIC COMPLIANCE

| | | | |
|---|---|---|---|
| 3-3 | Management of material topics | See note | This is a material topic. |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | 71 | We had zero non-compliances reported with laws and regulations in the socialand economic area during the reporting period. |

# Appendix

ISO 2022 certification by site

ISO – Certificates
Training KPI dashboard by site
United Nations Policy on Communication on progress

hmd.

# ISO 2022 certification by site

| ISO 2022 certification by site | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sites | Total | Espoo | Tampere | London | Shenzen | Beijing | Gurgoan | Bangalore | Taipei | Miami | Johannes | Dubai | |
| ISO 14001 EMS certification - our Environmental Management System - expansion to key 11 locations | 9 % | Received | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | |
| ISO 45001 certification- Occupational Health and Safety Management system-expansion to key 11 locations | 9 % | Received | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | |
| IS0 9001 QMS certification - our Quality Management System -expansion to key 11 locations | 18 % | Received | NA | Received | NA | NA | NA | NA | NA | NA | NA | NA | |
| ISO27001 ISMS | 9 % | Received | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | |
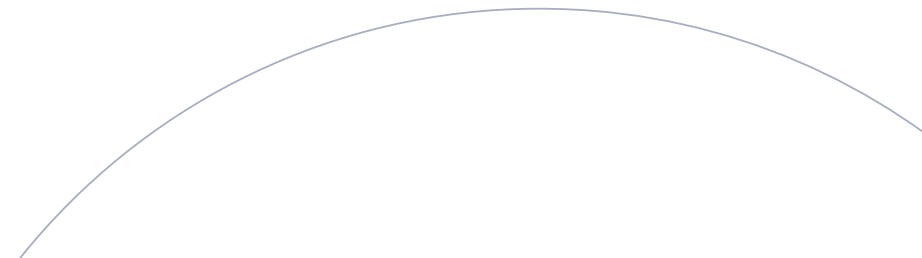
ISO

## Certificate 1 — Left

HMD GLOBAL OY

BERTEL JUNGIN AUKIO 9, FI-02600 ESPOO, FINLAND

*Bureau Veritas Certification certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below*

### ISO 45001:2018

*Scope of certification*

PEOPLE AND PROCESSES ENABLING DESIGN, DEVELOPMENT, SALES, DELIVERY AND CUSTOMER CARE OF OUR MOBILE DEVICES, ACCESSORIES AND SERVICES

| | |
|---|---|
| Original cycle start date: | **02-05-2023** |
| Expiry date of previous cycle: | **N/A** |
| Certification / Recertification audit date: | **N/A** |
| Certification / Recertification cycle start date: | **02-05-2023** |
| Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: | **01-05-2026** |

Certificate No.: **FIHSK18159534S**     Version: **1**     Issue Date: **02-05-2023**

*Salla Punkari, Certification Manager,*
*Bureau Veritas Certification Finland*

**FINAS**
Finnish Accreditation Service
S035 (EN ISO/IEC 17021-1)

Bureau Veritas Branch office for Finland, Sörnäisten rantatie 29, FI-00500 Helsinki, Finland
Further clarifications regarding the scope of this certificate and the applicability of the Management System requirements may be obtained by consulting the organisation. To check the validity of this certificate please call, tel. +358 10 830 8630.

1/1

## Certificate 2 — Right

### HMD Global Oy

**Bertel Jungin aukio 9, 02600 Espoo, Finland**

**Bureau Veritas Certification certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below**

STANDARD

### ISO 27001:2013

SCOPE

All people, processes and ICT systems enabling design, development, sales, delivery and customer care of HMD Global products and services to trade customers and consumers

Statement of Applicability: Version 1 – 10.1.2022

*Subject to the continued satisfactory operation of the organisation's Management System, this certificate is valid until: 17-02-2025*

*Certification / Recertification cycle start date: 18-02-2022*

*Original cycle start date: 18-02-2022*

*Expiry date of previous cycle: -*

*Certification / Recertification audit date: -*

*Certificate Number: FIHSK 11426640F*     *Version 1,  Revision date: 18-02-2022*

*Salla Punkari, Certification Manager,*
*Bureau Veritas Certification Finland*

**FINAS**
Finnish Accreditation Service
S035 (EN ISO/IEC 17021-1)

Bureau Veritas Branch office for Finland, Sörnäisten rantatie 29, FI-00500 Helsinki, Finland
Further clarifications regarding the scope of this certificate and the applicability of the Management System requirements may be obtained by consulting the organisation. To check the validity of this certificate please call, tel. +358 10 830 8630.

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## Bureau Veritas Certification

### Certificate 1

**HMD Global Oy**

**Bertel Jungin aukio 9, FI-02600 Espoo, Finland**

**Bureau Veritas Certification Holding SAS – UK Branch certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below**

STANDARD

**ISO 14001:2015**

SCOPE

Nokia branded mobile phone devices operations, product and related support processes

*Subject to the continued satisfactory operation of the organisation's Management System, this certificate is valid until: 03-12-2023*

*Certification / Recertification cycle start date: 04-12-2020*

*Original cycle start date: 04-12-2020*

*Expiry date of previous cycle: -*

*Certification /Recertification audit date: -*

*Certificate Number: FIHSK11142429B        Version 1, Revision date:04-12-2020*

*On behalf of BVCH SAS UK Branch*

0008

Certification body address: Bureau Veritas Certification Holding SAS – UK Branch, 66 Prescot Street, London E1 8HG, United Kingdom
Certification office: Bureau Veritas Certification Finland, Sörnäisten rantatie 29, FI-00500 Helsinki, Finland

Further clarifications regarding the scope of this certificate and the applicability of the Management System requirements may be obtained by consulting the organisation. To check the validity of this certificate please call, tel. +358 10 830 8630.

### Certificate 2

**HMD Global Oy**

**Bertel Jungin aukio 9, FI-02600 Espoo, Finland**

This is a multi-site certificate, additional site(s) are listed on the next page(s)

**Bureau Veritas Certification Holding SAS – UK Branch certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below**

STANDARD

**ISO 9001:2015**

SCOPE

Nokia branded mobile phone devices operations, product, and related support processes

*Subject to the continued satisfactory operation of the organisation's Management System, this certificate is valid until: 02-04-2024*

*Certification / Recertification cycle start date: 03-04-2021*

*Original cycle start date: 03-04-2018*

*Expiry date of previous cycle: -*

*Certification / Recertification audit date: -*

*Certificate Number: FIHSK11111030A        Version 1,  Revision date: 03-04-2021*

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# Training KPI for by site

| | KPI for trainings by site | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sites | Total target by 2025 | Current progress | Espoo | Tampere | London | Shenzen | Beijing | Gurgoan | Bangalore | Taipei | Miami | Johannesburg | Dubai |
| Trainings | 100% employees trained on anti-discrimination and harasment | 100 % | 100%* | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % |
| | 100% % of employees trained on child labour, slavery and human trafficking | 100 % | 100%* | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % |
| | 100% of employees trained on Code of Conduct | 100 % | 100%* | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % |
| | anti-corruption | 100 % | 100%* | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % |
| | 100% of employees trained on sustainability | 100 % | 100%* | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % |
| | * for all neew highers | | | | | | | | | | | | | |
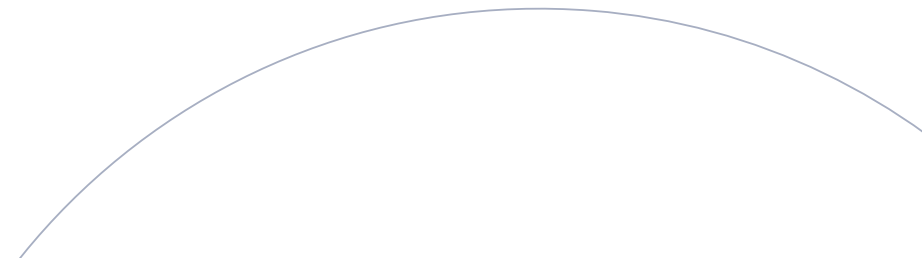
# POLICY ON COMMUNICATION ON PROGRESS

EFFECTIVE 2023

**United Nations**
Global Compact

## 1. Objectives

The Communication on Progress (CoP) is a required public and annual disclosure by business participants of the UN Global Compact to stakeholders with the following main objectives:

- Foster accountability on corporate sustainability performance to help safeguard the integrity of the UN Global Compact initiative;

- Promote continued learning and help drive corporate sustainability performance;

- Enhance stakeholder access to information regarding participants' implementation of the Ten Principles and contribution towards the achievement of the Sustainable Development Goals (SDGs).

## 2. Elements

A CoP consists of:

a) A statement by the Chief Executive Officer expressing continued support for the UN Global Compact and renewing the participant's ongoing commitment to the initiative and its principles. To submit the statement by the Chief Executive Officer, participants will receive access to a Digital Signature System (please find more information for statement completion on the UN Global Compact website).

b) A questionnaire containing questions on corporate actions related to the Ten Principles and the SDGs to be completed on the website of the UN Global Compact. All questions are of mandatory disclosure, except if explicitly stated so in the questionnaire.[1]

If individual participants are required to provide additional information in the questionnaire under one of the processes outlined in the Integrity Measures Policy of the UN Global Compact, this information will also be considered mandatory disclosure for the CoP.

[In addition to answering the questions of the CoP questionnaire, participating companies can choose to upload a report, e.g. their sustainability report, in PDF format as an annex to their CoP or include a link (URL) to the web page that contains their report. An additional document uploaded in PDF format cannot be accepted in lieu of the questionnaire.]

The statement by the Chief Executive Officer and the responses to the questionnaire from each business participant (as well as the attachments) will be made public on the UN Global Compact website.

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[1] Third-party assurance of submitted CoP data is recommended, but not a requirement of the CoP.

## 3. Due dates and submission modalities

- Business participants to the UN Global Compact are required to complete their CoP annually through the UN Global Compact website.

- The CEO statement and the completed questionnaire must be submitted between 1 March and 30 June of each calendar year. Participants can choose to submit their CoP any day during this submission period.

- Participants who submit their annual CoP during the mentioned submission period will be listed as "active" on the UN Global Compact website.

- *[For new joiners only:]* New joiners are due to submit their first CoP within the submission period of the following calendar year after joining (e.g. if a company joins in 2024, they are due to submit their first CoP within March – June of 2025).

- *[For new joiners only:]* Companies who join in Q3 or Q4 (July – December) of any given calendar year can choose not to publicly disclose the content of their first CoP, by opting to upload the report on their profile in "private" mode. Choosing to do so will not affect any other aspects of the CoP policy. Hence, every new joiner is still required to submit all responses to the questionnaire and can be listed as non-communicating, and ultimately de-listed, if it fails to submit the completed CoP (whether in public or private mode) within the due date.

   If a new joiner chooses not to make its first CoP public, the submitted CoP answers are only visible to UN Global Compact and Local Network staff, and will not be made publicly available on the company's profile on the UN Global Compact website. The UN Global Compact reserves the right to still use that CoP data for aggregated analysis not directly attributable to the company.

- *[For re-joiners only:]* De-listed companies who want to rejoin the UN Global Compact must submit a CoP prior to being readmitted. Please refer to the De-listing and Re-joining Policy for more information.

- *[Amendments to the submitted CoP:]* Once the CoP is formally submitted, participants cannot make any amendments to their responses (or attachments) to the CoP questionnaire. The UN Global Compact reserves the right to implement requested edits on a case-by-case basis.

## 4. Failure to submit

Non-communicating status

- A business participant will be designated as "non-communicating" on the UN Global Compact website if it fails to submit one or both elements of the CoP (see 2.) by the end of the submission period (30 June each year, see 3.). The participant will resume its "active" status upon submission of all the mandatory requirements of the COP by 31st December of the same calendar year.

De-listing from the Global Compact

- If a non-communicating participant fails to submit a CoP within six months of becoming non-communicating (by 31 December of each year), it will be de-listed from the UN Global Compact for "failure to communicate on progress" in January of the coming calendar year.

- *[For re-joiners only:]* De-listed companies who want to rejoin have to submit a CoP prior to being readmitted. Please refer to the De-listing and Re-joining Policy for more information.

- The names of de-listed participants are disclosed on the UN Global Compact website.

All organizations that have been de-listed must reapply if they wish to rejoin the initiative. Please refer to the De-Listing and Re-Joining Policy for more information on the process and requirements.

## 5. Format and language

- The CoP questionnaire is available in all six official UN languages, as well as in select additional languages as shown in the UN Global Compact webpage.

- For those parts of the questionnaire where text / narrative input is required, participants are encouraged to use the same language as the one selected for the questionnaire.

- Attachments to the CoP, e.g. the company's sustainability report, are optional and are welcome in any language.

- The completed CoP questionnaire will be available for download, once submitted through the UN Global Compact website.