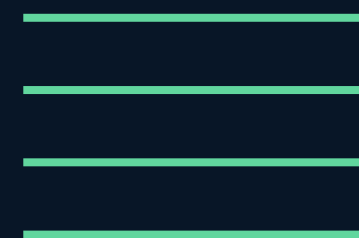


Report to the United Nations Global Compact (UNGC)
Communication on Progress



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Dear Ladies and Gentlemen

I am extremely proud to present to you HMD Global Oy's first sustainability report. While we've all been working extremely hard on our sustainability strategy since 2017, we're now integrating a sustainability management system into our business strategy.

So, what does that mean?

It means that while we've been working to make active changes in previous years, we've now got markers in the sand, and made commitments moving forward into the future. We've included a suite of policies, measures and key performance indicators (KPIs) across our four focus areas: environment, labour and human rights, compliance and sustainable procurement, designed to demonstrate our commitment to people, and our planet.

To formally underpin our newly implemented systems, we were accredited with the environmental management system certification and are striving towards the information management system certification and the certification for our health and safety practices – while these may sound a little corporate, these are deeply important, and are testament to our commitments. I wish to thank everyone who is working on these endeavours to help make these a reality.

We also want to be as transparent about our impact on the climate as possible. That's why we joined the CDP (Carbon Disclosure Project) and are now reporting annually on our carbon footprint, carbon reduction measures and climate risk management strategy. As of 2021, we will also include our supplier base in order to expand the reporting of our Scope 3 emissions.

We'll also be having regular supplier audits and will be bolstering our efforts to work with our supplier base on promoting sustainability throughout our process.

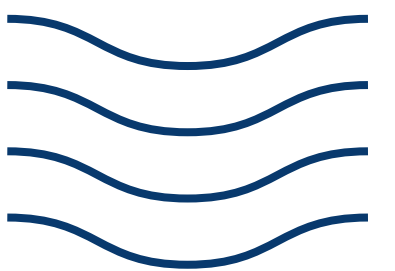
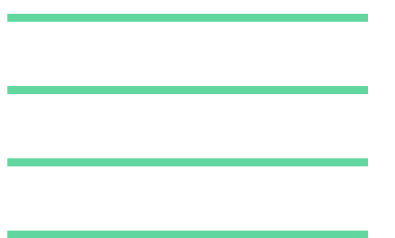
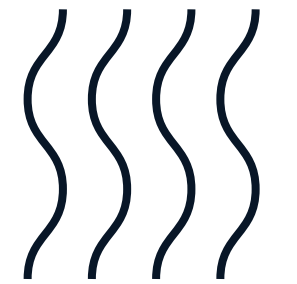
Our efforts are paying off. We were recognised by the sustainability rating agency EcoVadis, which awarded us with a Silver medal in 2020, and a Gold medal in 2021 (top 6% in our industry for commitment to sustainable practices) – this is a fantastic achievement. But we're not done yet. It's our goal to continuously improve our sustainability efforts over the next few years, and we're aiming to be amongst the top 1% in our industry, and hopefully receive the coveted Platinum medal.

I should also mention another milestone we reached in 2020. We received official endorsement from the 10 Principles of the United Nations Global Compact (UNGC) initiative. This report is our first Communication on Progress (CoP) report to the UNGC and will cover the reporting period from January 2020 to December 2020. It will describe our sustainability management system and how it addresses each of the 10 UNGC Principles.

With the recent damning reports of the impact of climate change, our own sustainability efforts are now more important than ever. While we hope that you enjoy reading our report, we also invite all stakeholders to provide us with feedback, comments and suggestions in order for us to build on our sustainability efforts.

I'd also like to thank each and every one at HMD Global Oy for their continued efforts to make these ambitious targets a reality.

Jean-François Baril
(Executive Chairman)



When HMD was established in 2016, we stepped into the smartphone business with a drive that would kick things off rapidly. In just 11 months, our first 11 phones were released to customers around the world. Featuring five feature phones and six Android™ smartphones, it was a range that offered choice and reliability to every user segment.

We established 50 offices around the world in our first 12 months, quickly securing our foothold in the global market. Jump to 2020 and we are still going strong, securing 230 million USD in funding from some of our top global strategic partners. Our 739 direct employees are based in over 50 countries worldwide with our headquarters in Espoo, Finland.

Our wide selection of phones is a step towards realising that vision, but our plan is to go even further: our phones are made to get better for years to come, with a design that remains timeless and updates that improve security and performance. We ensure that these principles are inherent in each and every one of our phones.

It is our declared mission to make high quality, long lasting technology accessible to all whilst striving for innovative ways to close the loop, scale up renewables, and find greater efficiencies in

Ever since our first 11 phones in 2017, we have continued to expand every area of our phone portfolio, including dependable feature phones, reborn classics, first-time smartphones and smartphones fit for enterprises.

all that we do. We have therefore implemented a formalised sustainability management structure including several policies, measures and KPIs for our environmental, social, compliance and procurement practices.

As a reward for our sustainability efforts, we are particularly proud of our EcoVadis Gold medal. We are also a member of the ECOrating initiative and the GRI initiative and have been reporting to the climate change reporting standard CDP since 2020. Since 2018, we have been ISO9001 certified and most recently - since 2020 -, ISO14001 certified. Further certification, including the ISO27001 and ISO45001 certifications are planned for the next two years.



As a reward for our
sustainability efforts, we
are particularly proud of our
EcoVadis Gold medal.



Human Rights & Child and Forced Labour



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

We have translated these principles into several internal policies which covers all of HMD Global's legal entities and applies to all employees and external partners working on HMD Global's behalf. These include our Code of Conduct, our Human Rights and Labour Policy and our Modern Slavery Statement. It is each employee's responsibility to be aware of the content and to fully abide by the principles outlined in these policies.

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

To ensure that these principles are adhered to on a daily basis, we have implemented several preventative measures to ensure all human rights are upheld throughout the company. As an initial step, we have conducted a human rights risk assessment for all our business units which resulted in a global risk map highlighting any potential risks, root causes, and mitigation measures. To raise awareness about these risks amongst our employees, we have rolled out a Code of Conduct and Speak-up channel training. In these training sessions, everyone is not only made aware of the potential risks but also of our whistleblower mechanism, through which any human rights incidents can be reported. HMD fully support acts of 'whistleblowing' and anyone found to retaliate or take adverse action against an employee or other person for raising in good faith a concern shall be subject to discipline up to and including termination of their employment.

Our stance of being an employer of choice means that forced, bonded (including debt bondage) or **indentured labour, involuntary prison labour, slavery or human trafficking is forbidden** not only in our premises but in those of our suppliers.

As part of our commitment to the UK Modern Slavery Act, we publish a statement of our action plans, progress and challenges annually. We are working with our partners and suppliers to detect any abuses that may occur and are committed to report our findings.

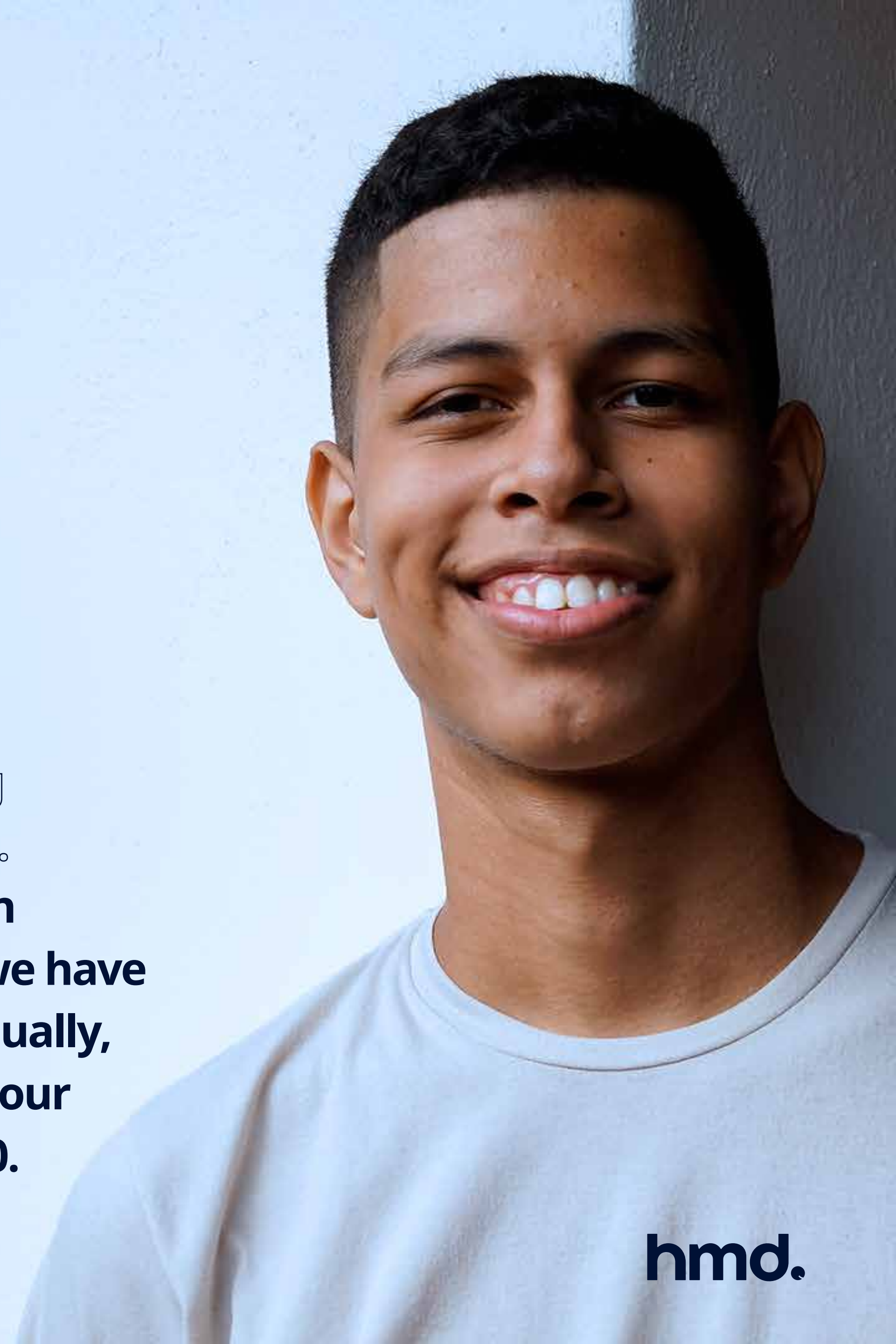
At HMD Global we do not condone child labour and therefore no one under the working age, per local regulations, is employed by HMD or our suppliers.

Where local regulations are not in place, we determine the minimum working age to be 15 or after compulsory education (whichever is greater). This is to ensure that young workers are protected from potentially harmful work tasks and must not work night-time hours.

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

Our Senior Management review and update these systems regularly to ensure compliance and progress.

To measure and evaluate our efforts in protecting human rights, we have set ourselves specific KPIs. **For instance, it is our goal to have zero incidents in relation to child labour and human rights which we have been able to meet during the reporting period. Equally, we were able to achieve our goal to have 100% of our employees trained on human rights issues in 2020.**



Discrimination & Diversity



HMD Global is an equal opportunity employer. As per our Code of Conduct and Human Rights and

Labour Policy, our employees, contractors, job applicants, suppliers, partners and anyone who encounters our company should never be subjected to abuse, bullying or discrimination of any kind. No one should be judged or treated differently due to a person's race, sex, religion, marital status, pregnancy, nationality, ethnicity, disability, sexual orientation, expression and any other characteristic that leaves a person feeling unfairly treated. Under no circumstances would our employees or potential employees be subjected to medical or pregnancy testing that could be used in a discriminatory way.

During our anti-harassment and anti-discrimination training, HMD Global employees are made aware of the availability of facilities for religious practices as well as for people with disabilities. At our headquarter in Espoo, Finland for example, we have offices over two floors which are connected via lifts to enable easy access for those in a wheelchair.

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 compliance with our goals set for 2020, **100% of our employees were trained on anti-discrimination issues and zero cases of discrimination and harassment were recorded during the reporting period.** In 2020, we employed **234 women vs. 453 men** which represents **a share 34% of women in the whole organisation.**

≡ Should **anyone** fall victim to **discrimination or harassment** of any kind, we actively **encourage** them to report the incident through **our Speak-up channel**.

Working at HMD Global

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

Our employees are compensated for their work in conjunction with all applicable wage laws, including those related to minimum wages, overtime hours and legally mandated benefits. We operate within the ILO guidelines on working hours where laws and regulations are insufficient.

We expect our contractors and suppliers **to respect and follow local laws** and regulations. Where local laws and/or enforcement is weaker than the EICC's Code of Conduct, **we expect our contractors and suppliers to follow the standards** set by the EICC.

As per our policies, every employee is also entitled to flexible work arrangements such as remote work and flexi-time, health care coverage as well as a bonus based on company performance.

Thanks to our remote working policy,
100% of employees received the option to work from home in 2020. We also managed to achieve that 100% of our employees (except those with less than three months in the company) were eligible for our bonus scheme during the reporting period.

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

In 2020, 15% of our employees based in Finland, Belgium, Austria, Italy and France were covered by collective bargaining agreements.





At HMD, promoting a working environment which enables continuous learning is of high importance to us. During annual performance reviews, we not only provide feedback on each individual's work performance, but we also create personalised career plans. In alignment with the company's needs for knowledge and skills, role-specific training needs are identified for each employee. Once critical capabilities have been identified, training will be made available through internal on-the-job learning as well as external training. Management then reports the annual training hours taken per employee on a yearly basis.

One area that was highlighted during the survey was the need for more work-life-balance, especially with respect to physical activity, which is essential for health, well-being and performance.

The HMD management team has taken the feedback seriously and is aiming to work on a company-wide work-life-balance program.

In 2020, we managed to reach our goal of providing **100% of our employees** with a performance review and a **personalised career plan.**

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



Health and safety



Providing a safe and healthy working environment for our employees is crucial to us as a business. We look to facilitate a positive working environment that is conducive to productive and meaningful work. Wherever we operate, we strive to meet international standards, local laws and customer requirements.

We aim to implement a structured and comprehensive management system to ensure compliance with regulatory requirements. Our approach to occupational health and safety is based on the recognised management system OHSAS 18001 and ILO guidelines. As part of this system, we will have a standard procedure in place to access and control the risks of accidents and injuries as well as occupational diseases in a proactive and preventative manner. We have created a health and safety plan that covers the appropriate measures and appointed a senior manager representative who is responsible for ensuring a healthy and safe working environment for all our employees. We are hoping to be ISO45001 certified within the next two years.

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

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



To ensure the adherence to our policy, we provide health and safety training for relevant employees

as well as for subcontractors working on company premises. We translated all health and safety procedures into all major languages spoken by employees to guarantee maximum awareness amongst staff.

The main body to oversee compliance with all guidelines and procedures is our safety

committee. As of 2018, this committee also includes workplace health and wellbeing representatives who look after the employees' physical and mental wellbeing. The safety committee meets on a monthly basis.

The safety of our products is another priority for us. We work with our suppliers and customers to promote responsible use throughout our products' life cycle. We have detailed environmental, health and safety requirements for all our products.

This covers all aspects related to customer health and safety as well as product material and substance content and conformance lists, product construction and disassembly, labelling and marking, product related laws and regulations and safety instruction and testing standards.

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





At HMD, we take our responsibility to help protect our natural resources, prevent climate change and halt the degradation of our planet's ecological integrity seriously. To emphasise our stance on conducting environmentally responsible business, we have implemented our Global Environmental, Health & Safety Policy which all employees and external persons working on HMD's behalf are to adhere to.

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

To systematically formalise our environmental management approach, we have aligned our strategy with the ISO 14001 standard which we were officially certified with in 2020. As part of the continuous improvement process set out by the ISO14001 certification, we regularly monitor our energy usage, water access, usage and conservation, material input for our products, the use of hazardous materials and chemicals, and the treatment and control of waste generation.



Energy and Greenhouse Gas Emissions (GHGs)



As part of our environmental commitments, we strive to continuously reduce our carbon footprint and to measure,

record and report on our energy consumption and GHG emissions on an annual basis. At this stage, we are collecting and reporting on indirect emissions related to our electricity purchases in our offices (scope 2). Since 2018, we have been measuring our scope 3 emissions from the transportation of our product to our customers which we were able to significantly reduce by switching mainly from air transport to sea freight. We are looking to include further aspects of upstream and downstream value chain emissions (scope 3) in the medium-term. This is to highlight areas for improvement so we can implement targeted measures to reduce GHG emissions.

Within our own operational boundaries, some of these measures include specific training sessions for our employees on energy conservation and climate actions. 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.

At the time of writing, our most recent GHG emissions report was from 2019 which features our carbon impact across all HMD offices.

Using the carbon footprint calculator provided by the **environmental charity 'Carbon Neutral'**, our scope 2 emissions were 391 tonnes of CO2 equivalents based on a **total amount of electricity of 390.189,56 kWh per annum.**

With respect to the GHG emissions stemming from transporting our products, a more recent figure was available at the time of writing.

During the reporting year, 24.059 tonnes of CO2 equivalents were emitted.

Resource Efficiency



Water - As part of our environmental aspects and compliance assessment, all potential negative environmental

impacts of our business operations were evaluated. As our water consumption is limited to water use in our office bathrooms and kitchens, this aspect was not deemed material to HMD. However, water does play a role during the manufacturing process of our phones which is outsourced to our original design manufacturers (ODMs). We therefore require our suppliers to implement a comprehensive system that, monitors, controls and treats wastewater created by their operations and products. We also expect our suppliers to comply fully with wastewater management obligations which includes having all the required permits and approvals in place.

Waste - Analogue to our guidelines on the efficient use of water, we also encourage our suppliers to regularly monitor the amount of waste produced and to obtain any permits and approvals where necessary (for instance, to store hazardous waste). We further expect them to align their operations with the 'EU Waste Hierarchy' model. This means, that wherever possible, they should aim to Reduce,

Reuse, Recycle and Reclaim to reduce the amount of waste created during the production process and to increase the volume of recycled waste.

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

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

Product use and Product end-of-life



Sustainability Through Durability – this best describes HMD's approach towards product design.

Nokia smartphones have a superior build-quality and are made to last. All Nokia devices undergo 50 rigorous assessments before being approved for sale - this makes us an industry leader when it comes to product testing. From force measurement to, wear and scratch, we know that they are durable and therefore reduce the amounts of resources used and waste created. For instance, we deliver software upgrades for two years and security patches for three years to reduce the phone replacement rate for the customer.

We also strive to integrate eco-design features in our products design to ensure the amount of energy used during the product use phase, and to reduce the amount of waste at the end-of-life phase through easy dismantling designs and recyclable materials.

In 2020, we undertook lifecycle assessments for 100% of our products to understand where we could optimise our product design to have the **least environmental impact as possible**. In addition, 100% of our products obtained a so-called Eco Profile and ECOrating score during the reporting year

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

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

At HMD, we have been working hard to shift our business model towards a more circular model. Extended Producer Responsibility (EPR) Compliance with relevant environmental regulations is an important part of our circularity approach. EPR regulatory programs strive to decrease the environmental impact of products by making the manufacturer responsible for the entire life cycle of the product, especially end-of-life (EOL) management through product takeback. HMD takes part in the European Take back program executed for packaging, battery and WEEE schemes.

The Waste Electrical and Electronic Equipment Directive (WEEE Directive) is the European Community Directive 2012/19/EU on waste electrical and electronic equipment (WEEE) which, together with the RoHS Directive 2011/65/EU, became European Law in February 2003. All our products need to comply with the processes described in our End-of-Life (EOL) procedure

and be marked with the crossed-out wheeled bin symbol and a producer identification mark/producer registration details in accordance with the electrical and electronic equipment (EEE) guidelines. Further, all our products meet the RoHS 2 requirements, a product-level compliance based on the European Union's Directives 2011/65/EU and EU 2015/863 on the restriction of certain hazardous substances in electrical and electronic equipment.

**All our products meet the
RoHS Directive 2011/65/EU,
European REACH Regulation
1907/2006/EC and WEEE
Directive requirements.**

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

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

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

receipt of their phones, customers will be able to use the USB lead in the sales box to charge their phones via a USB wall socket, computer port or mobile battery pack. If consumers do need a wall charger, they can order one from [Nokia.com/phones](https://www.nokia.com/phones) for 12.99 Euros.

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

**In 2020, we harvested
414 kg of material
and therefore saved
5378 kg of weight.**

Anti-Corruption and Anti-Competitive Practices

————— HMD is strongly committed
————— to conducting their business
————— activities in compliance with
————— the highest ethical standards.

We have therefore created a variety of business ethics policies in order to provide clear guidance on what we expect from our employees and external persons working on our behalf. Our suite of business ethics policies includes topic-specific policies such as our Anti-Corruption and Bribery Policy, Gifts and Hospitality Policy, Conflicts of Interest Policy and Risk Management Policy. As overarching guidance frameworks, we have implemented a Business Ethics Policy and a Company Code of Conduct covering all aspects of compliance-related matters.

Every employee is to be aware of the content of these documents and to fully adhere to the described principles at all times. We therefore provide regular awareness training on ethical issues for all relevant staff across the organisation.

We have also conducted a compliance risk assessment covering anti-corruption and anti-competitive practices. Being aware of any potential risks within our value chain enables us to set up appropriate preventative measures and control mechanisms in order to avoid the occurrence of any incidents. These control measures include e.g. having allocated responsibilities for handling contracts, placing orders, receiving goods, processing invoices and making payments to separate departments within the company in order to maintain a requirement for two signatures from independent parties for each transaction. All our internal control mechanisms are implemented according to our Internal Controls Policy and Framework. To promote our ethical standards and procedures across our various locations, we have established Regional Compliance Committees which ensure compliance with our Code of Conduct. These committees have regular meetings to discuss any ethical or compliance issues and handle any arising issues.

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

Our employees are encouraged to raise their concerns through various channels including our anonymous Speak-up channel. Any subsequent internal investigations are conducted by dedicated compliance and legal specialists, who are experienced in investigations procedures. It is our aim to review any reports within three business days. Should any breaches of our guidelines occur, disciplinary actions will be taken. In addition to reporting through our Speak-up channel, members of HMD management, Legal Counsel, Compliance or Human Resources team can be approached, or concerns can be submitted directly via: **ethics@hmdglobal.com**. HMD has a strict zero retaliation policy towards Speak-up reporters.

Our expectations are set and overseen by our management team which is held accountable

to establish and implement an effective risk management and internal control framework. The same applies to our business partners who we hold accountable by incorporating our business ethics requirements into all contracts.

The effectiveness of our control mechanisms is measured in the number of confirmed incidents in relation to corruption, fraud, conflict of interest and anti-competitive practices, which have been 0 in 2020.

We are proud of this achievement and strive to keep up the good performance in the upcoming years.

Responsible information management

HMD respects privacy and complies with all applicable data protection and privacy laws. We also commit to protecting our customers' personal information and are being responsible regarding any data that we collect, hold or use.

Information security and privacy are crucial elements of the development and delivery of our products and services. With a range of internal policies such as our Information Security Policy, Personal IT Policy, Business Ethics policy and Company Code of Conduct we set out strict responsible information management guidelines for every employee to comply with.

Our control measures consist of proactive as well as reactive risk management mechanisms. With respect to the former, we regularly conduct security training sessions, security risk assessments and take preventative measures to ensure online security, physical security, data loss prevention and limiting access to our databases containing personal information to authorised persons only who have a justified need to access such information. Further, personal data is never transferred without ensuring it is safe and legal to do so. Data will never be created,

stored, shared or accessed against our customers' will. We also have a records retention schedule in place to ensure data is securely destroyed in accordance with applicable law or contractual obligations.

Our internal control procedures are regularly audited by third-parties to ensure its continuous effectiveness and flag any potential vulnerabilities.

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

During the reporting year 2020,
we recorded zero confirmed incidents in relation to disclosure of non-public information.

Social and environmental aspects

Establishing a good working relationship with our suppliers is integral to our business. We therefore expect our suppliers to share the same values regarding environmental protection and social responsibility as us. Our guiding principles are described in our Supplier Code of Conduct (SCoC) which all new suppliers are to sign upon commencement of work with HMD. The SCoC outlines what HMD expects from all suppliers in relation to Human Rights & Labour, Business Ethics, Environmental, Health and Safety and Management practices. HMD will assess its suppliers by their conformance to this code and any violation of it will result in remedial actions. Failure of our supplier to comply with this code or the remedial actions set could result in termination of the business contract.

With respect to environmental aspects, the SCoC states that suppliers are required to have an environmental management system (EMS) in place which aligns with the ISO14001 standards and that they are to regularly review applicable environmental legislation, regulations and customer requirements and can supply evidence of their compliance as requested. For our relevant manufacturing partners, we

even 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 our suppliers shall implement an occupational health & safety management system that complies with the OHSAS 18001 or similar internationally recognised standards.

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

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

During the reporting year, **100% of our global ODMs and 100% of our accessories ODMs were audited.** In the same year, **100% of all our suppliers signed our SCoC.**



Conflict Minerals

Due to the nature of our business, the avoidance of conflict minerals (tin, tantalum, tungsten and gold – 3TG) is an important aspect of our procurement activities. We are fully aware that the illegal extraction and trade of these minerals is fueling military conflict in some countries and may also cause human rights violations and environmental degradation. We actively collaborate with our industry peers through the Conflict Free Sourcing Initiative set up by EICC and GeSI to improve traceability of minerals and ensure responsible sourcing.

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

These principles are a legally binding part of our supplier contracts. To ensure compliance with our requirements,

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

During the reporting period,
100% of all relevant suppliers have provided their conflict mineral reporting template (CMRT).

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

Philanthropy

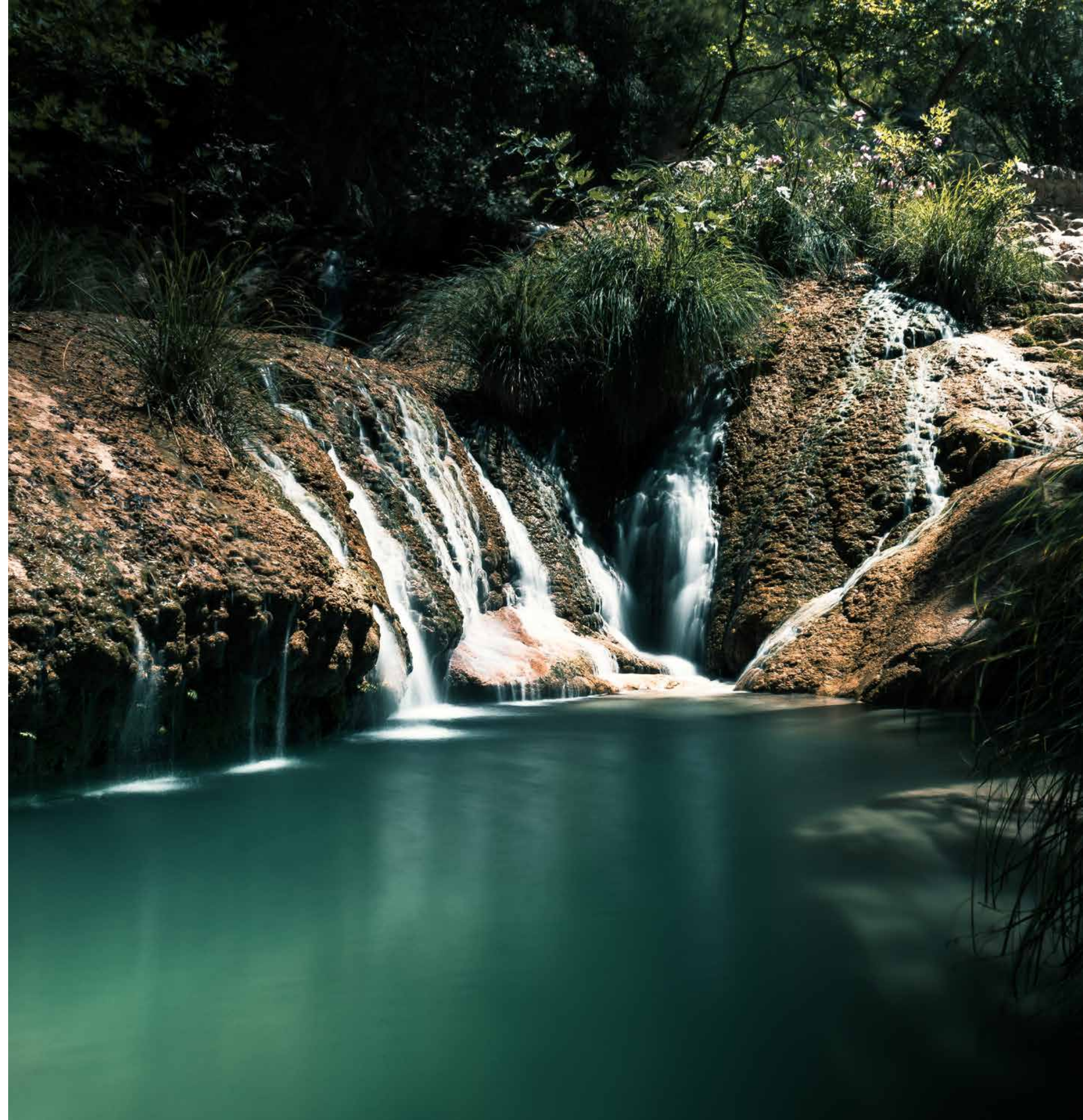
In addition to promoting sustainability within our own value chain, HMD has decided to extend their reach to external sustainability initiatives as well.

As extension to our wall charger removal project, where customers are encouraged to use their USB cable to charge their phones instead of using wall chargers, HMD has committed to donate any revenue generated from the purchases of additional wall chargers to CLEAR RIVERS, a charity that works to clear plastic waste from waterways. We have chosen CLEAR RIVERS because as a Europe based start-up charity, CLEAR RIVERS reflects HMD Global's own journey. The organisation is innovative and works tirelessly to remove plastic litter from rivers and waterways across the EU. We are proud to be supporting them in their mission to prevent plastic litter from entering seas and oceans.

Another initiative we actively support is Ecologi. Ecologi invest money into tree planting and other carbon reduction projects that are certified at the very highest level by internationally accredited standards such as the Gold Standard. HMD offers their customers to plant trees via Ecologi to replace accessories such as headphones, which are mostly disposed of anyway. This initiative has started in the UK but we are looking to extend it to our other markets in Europe. The goal is to plant 1.000.000 trees.



CLEARRIVERS



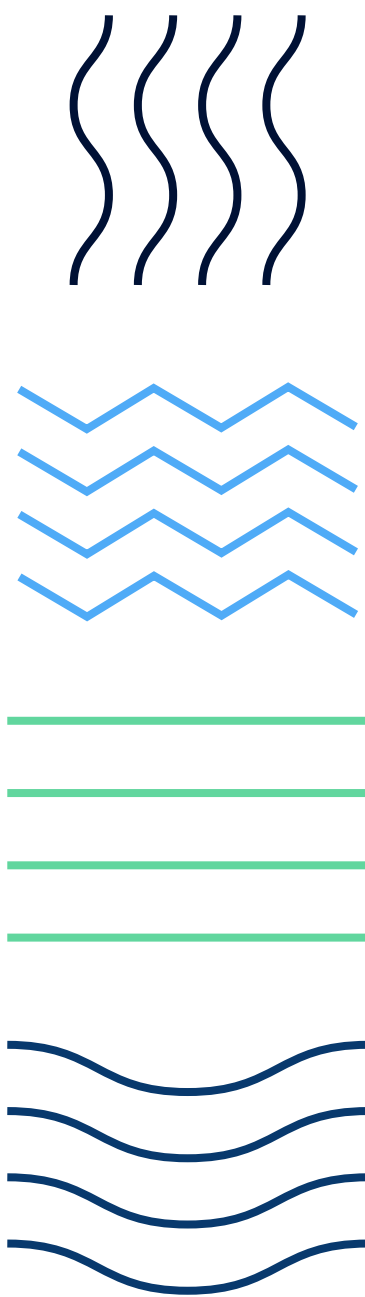
Over view UNGC Principles and Sustainable Development Goals (SDGs)

Page	Chapter	UNGC Principle #	SDG
4 23	Human Rights & Child and Forced Labour Sustainable Procurement	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights Principle 2: make sure that they are not complicit in human rights abuses	SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9	Working at HMD Global	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
12	Health and Safety	-	SDG 3: Ensure healthy lives and promote well-being for all at all ages
4 23	Human Rights & Child and Forced Labour Sustainable Procurement	Principle 4: the elimination of all forms of forced and compulsory labour Principle 5: the effective abolition of child labour	SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
7	Discrimination & Diversity	Principle 6: the elimination of discrimination in respect of employment and occupation	SDG 5: Achieve gender equality and empower all women and girls SDG 10: Reduce inequality within and among countries



Over view UNGC Principles and Sustainable Development Goals (SDGs)

Page	Chapter	UNGC Principle #	SDG
15 16 23	Energy and Greenhouse Gas Emissions (GHGs) Resource Efficiency Sustainable Procurement	Principle 7: Businesses should support a precautionary approach to environmental challenges	SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all SDG 13: Take urgent action to combat climate change and its impacts SDG 6: Ensure availability and sustainable management of water and sanitation for all
25 23	Philanthropy Sustainable Procurement	Principle 8: undertake initiatives to promote greater environmental responsibility	SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development
17	Product use and Product end-of-life	Principle 9: encourage the development and diffusion of environmentally friendly technologies	SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation SDG 12: Ensure sustainable consumption and production patterns
20 23	Anti-Corruption and Anti-Competitive Practices Sustainable Procurement	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development



Outlook

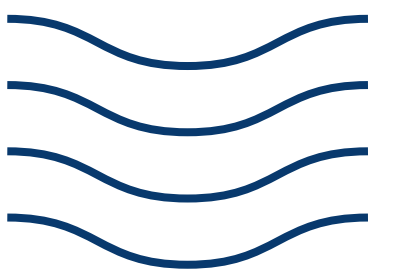
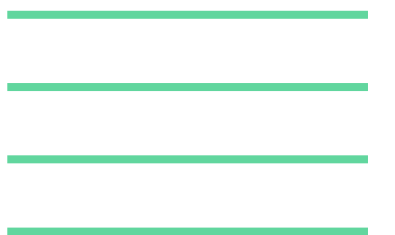
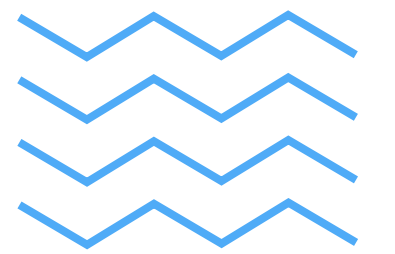
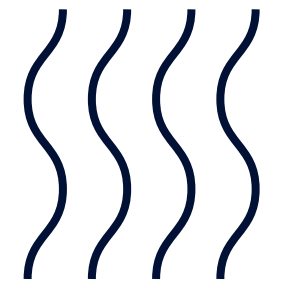
Whilst we are proud of what we have achieved so far, we do acknowledge that sustainability is a journey. Working off a very solid sustainability management system will give us more room to explore new sustainability projects in the future. Over the next few years, we aim to:

- Expand our Green Offices Program which includes the procurement of renewable electricity, establishing standardised recycling programs, selection of sustainable service and material providers etc
- Understand our complete scope1 and scope2 emissions in the short term and scope3 in the medium term
- Continuously we have been reducing our greenhouse gas emissions, particularly with respect to our logistics department
- Explore the SO2 impact we have

- Expand our supplier assessment program including pre-selection risk assessments, self-assessment questionnaires and audits across the entire supplier base
- Explore the use of eco accessories and eco materials in design
- Reduce our contribution to packaging waste by improving the recyclability of our phone packaging
- Extend the product-life of our phone by increasing repairability, improving component harvesting, sale of refurbished phones and key component harmonization

- Obtain ISO27001 and 45001 certifications

We look forward to working with our current stakeholders on achieving these goals and invite any potential new business partners to join us on our sustainability journey.



Communication on Progress Report to the United
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HMD Global Oy
Bertel Jungin aukio 9
02600 Espoo
Finland

Contact Person:
Sonja Perälä
sonja.perala@hmdglobal.com

