

NON-FINANCIAL INFORMATION STATEMENT 2021

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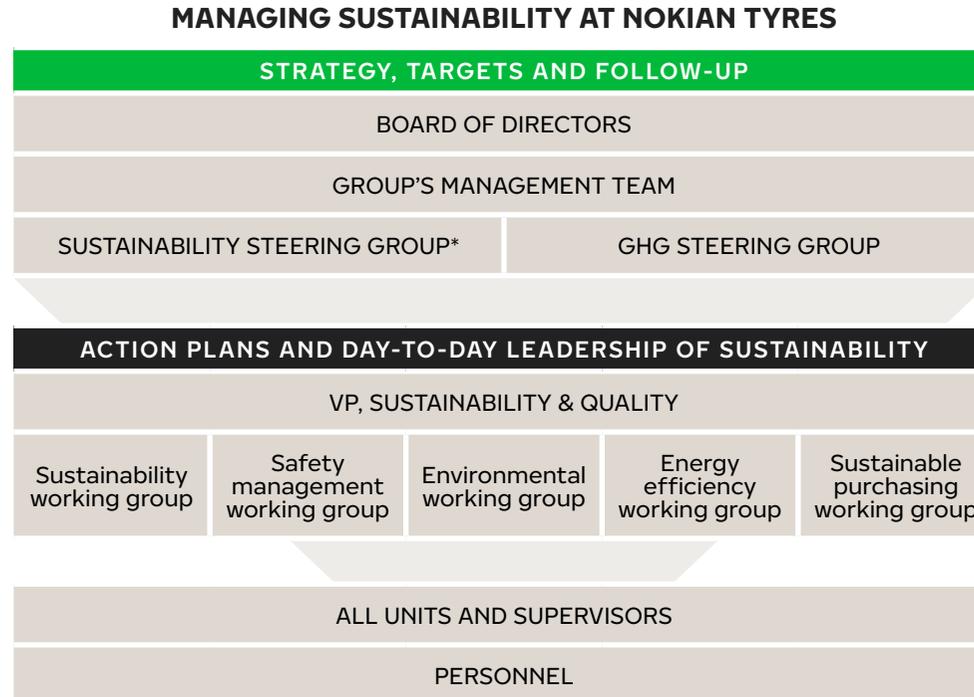
Nokian Tyres develops and manufactures premium tires for consumers and customers who value safety, sustainability, and innovative products. Sustainability is at the core of Nokian Tyres' business and one of the five cornerstones of the company's strategy.

Nokian Tyres is a supporting member of the United Nations Global Compact (UNGC) initiative and is committed to the Sustainable Development Goals (SDG's) set by the UN.

MANAGING NON-FINANCIAL MATTERS AT NOKIAN TYRES

The company's sustainability activities are led by SVP, Supply Operations, who is a member of the Group's Management Team. The Group's Sustainability Steering Group supervises and monitors the sustainability work within the Group and comprises of senior representatives from Supply Chain, Products & Innovations, Finance, Human Resources and Communications. The Group's Greenhouse Gas (GHG) Steering Group supervises and monitors the progress in reducing greenhouse gas emissions within the Group. The duties of all supervisors include day-to-day leadership of sustainability.

Targets, milestones, development items, and other key topics are discussed by the Management Team at least twice a year, and at least once a year by the Board of Directors. The VP, Quality & Sustainability, shares knowledge and



*Operating from January 2022

updates to the Board of Directors about the Company's impacts.

Nokian Tyres' business is guided by the ethical principles presented in the Board-approved [Code of Conduct](#). The document specifies the principles for Nokian Tyres' business, including instructions for various matters related to ethics and the anti-bribery guidelines. Nokian Tyres does not condone any form of bribery within the company's operations.

When reporting a suspected misuse or violation, an employee is advised to contact either his/her supervisor, Internal Audit, Legal & Compliance, or the HR unit. Misconducts can also be reported by sending an email to whistleblow@nokiantyres.com or via regular mail. Internal auditor reports suspected misuses and violations to the Board's Audit Committee.

The company requires that all its Sustainability Critical suppliers adhere to

Nokian Tyres' [Supplier Code of Conduct](#). All raw material suppliers must, at a minimum, have an ISO 9001 certified quality management system in place. Nokian Tyres prefers suppliers with an ISO 14001 certified environmental management system.

The risk management policy adopted by Nokian Tyres' Board of Directors supports achieving the company's strategic goals and ensuring business continuity. Read more about the company's risk management in the section [Significant Risks and Uncertainties](#) and in the [Corporate Governance Statement](#).

NEW MATERIAL TOPICS DEFINED IN 2021

Through continued focus on sustainability at Nokian Tyres, the company is committed to minimizing its negative impacts and maximizing its positive impacts on the economy, environment, and people. An essential part of driving this positive change is understanding how Nokian Tyres' stakeholders view sustainability and what sustainability topics are relevant for society and our business. This is done by conducting materiality assessments every three years. The assessments form a basis for sustainability at Nokian Tyres.

The VP, Quality & Sustainability, presents the data from the material assessment to the Group Management Team and to the Board. The Board reviews and approves the Non-Financial

GUIDING PRINCIPLES FOR NOKIAN TYRES' SUSTAINABILITY

Sustainability is a part of our company's culture, strategy and goals. The management of sustainability is based on our values: we care, drive innovation and deliver high results together. Our Sustainability Management is guided by Nokian Tyres Code of Conduct, Whistleblowing, Know Your Counterparty Guidelines, and policies such as Environment, Safety and Quality Policy, Group Treasury Policy, Group Credit Policy, Tax Policy, Risk Management Policy, Procurement Policy, Sustainable Natural Rubber Policy, Disclosure Policy, Information Security Policy, and Data Protection Policy.

AREAS OF SUSTAINABILITY				
				
PRODUCTS / R&D	PEOPLE	ECONOMY	ENVIRONMENT	PROCUREMENT
We develop and manufacture ecofriendly, safe and high-quality tires that reach their destination safely even under demanding conditions.	We are committed to acting in the manner required by the UN's Guiding Principles for Business and Human Rights as well as OECD's Guiding Principles on Labour and Human Rights, and to following the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. We respect human rights and treat all individuals equally.	Through profitable growth, we enable the further development of our operations and ensure financial security, work and well-being for our stakeholders.	We are committed to acting in a way that does not harm the environment or people.	We are committed to sustainable procurement and further developing sustainability in our supply chain.
ESSENTIAL STANDARDS, GROUP POLICIES AND PROCEDURES RELATED TO SUSTAINABILITY				
Tire/vehicle safety regulations (UN tire regulations), various tire labelling (consumer information) regulations and standards (EU Tyre Labeling regulation), chemical regulation, Nokian Tyres tire testing policy, UN Global Compact.	Policies and procedures related to safety, well-being, hiring, induction, people reviews and competence development, human rights and equality. ISO 45001, Travel Policy, UN Global Compact.	Stock exchange rules, IFRS, Corporate Governance, risk management, Know Your Counterparty, Tax Policy, UN Global Compact.	ISO 14001, Environmental Management, Chemical Safety Management, Responsible Care program, Science Based Targets, UN Global Compact.	Procurement policy, Supplier Code of Conduct, Sustainable Natural Rubber Policy, ISO 9001, ISO 14001, UN Global Compact.
LOCAL GUIDELINES AND PROCEDURES				

Information Statement, the topics of which are based on the material assessment.

The company conducted a new materiality assessment in 2021. As a result, the following sustainability topics were considered material to Nokian Tyres' operations:

1. Sustainable raw materials
2. Actions to mitigate climate change
3. Safety and well-being at Nokian Tyres
4. Promoting human rights in all operations
5. Traffic safety of tires

NEW SUSTAINABILITY TARGETS FINALIZED IN 2021

In 2021, Nokian Tyres finalized its new sustainability targets. They are presented on the company's website [Sustainability Goals and Achievements /Nokian Tyres](#). The chart on the next page describes five of the targets, with respective KPIs and results for 2021.

Area	Target	KPI	Progress in 2021
Safe and eco-friendly tires: increasing the share of sustainable materials in tires	Increase the share of recycled or renewable raw materials in tires to 50% by 2030	Report annual share of sustainable raw materials in selected tires ¹⁾	Status in 2021: 25%
Climate: reducing CO ₂ emissions in line with our four Science Based Targets	Reducing CO ₂ emissions from tire production (scope 1+2) by more than 50% by 2030, base year 2015	Report annual improvement	Figures available in the Company Sustainability Report in Spring 2022
Safety: securing safer and better work	Accident frequency LTIF: Decrease from 8.3 (2018) to 1.5 by 2025	20% annual improvement in LTIF compared to the previous year	Negative development. LTIF increased from 3.7 to 4.1
Human rights: auditing all significant high-risk suppliers	100% of significant high-risk suppliers audited by 2025	Annual increase in the share of audited high-risk suppliers	Status in 2021: 65% audited
Personnel well-being: developing human rights policies	Developing human rights policies	Report annual improvement in sentiments about equal opportunities in the personnel survey, base year 2021	Status in 2021: score on equality was 66 on a scale of 0–100 ²⁾

¹⁾ Scope: Tires in the EU Tyre labeling classification for rolling resistance in A or B class and with ice grip marking

²⁾ Figure does not include Vianor, total results will be confirmed in February

NOKIAN TYRES AS A PART OF SOCIETY

IMPACTS: Through sustainable business practices and financial success, Nokian Tyres offers security, work, and well-being for its personnel and contributes to the well-being of local communities.

Nokian Tyres' objective is to create value for its various stakeholders, such as consumers, customers, personnel, and shareholders. Nokian Tyres wants to be a good corporate citizen wherever it operates.

Nokian Tyres' approach to philanthropy mirrors its mission, entrepreneurial and inventive company culture, and sustainable way of doing business. The company does not support any governmental,

political, or religious entities. The company offers resources to projects based on the Nokian Tyres' Sponsoring and Philanthropy Policy, which will be updated in 2022.

In 2021, Nokian Tyres continued to support the traffic safety education for local school children in Nokia, Finland, and donated books for safety education. Vianor supported Save the Children, an international advocate of children's rights.

In the US, the company has donations committees in Dayton, Nashville, and Colchester. In 2021, the Dayton committee gave two college scholarships to high school graduates in order to support educational efforts. In partnership with Powdr Ski Resort, the company also supported One-Tree-Planted, a

non-profit organization, and planted 50k trees.

In Russia, Nokian Tyres donated tires to ambulances in the Moscow and St. Petersburg regions to help hospitals cope with the ongoing pandemic. The company continued Eco Challenge, a campaign for emptying illegal tire landfills.

To support communities in the fight against the spread of the pandemic, the company has organized onsite vaccination clinics in all its factory locations.

CLIMATE AND THE ENVIRONMENT

IMPACTS: Actions to mitigate climate change and reduce emissions, ensuring environmental and chemical safety

Environmental and chemical safety and the coordination of sustainability are the responsibility of the Quality and Sustainability department. The company promotes environmental and chemical safety through risk management, continuous improvement of processes, and new investments. When developing activities, the company applies best practices and advanced solutions while taking into account human factors and financial impacts.

The factories in Finland, Russia and the US, as well as the Swedish sales company Nokian Däck AB are certified pursuant to the international ISO 14001 environmental management system standard and the ISO 9001 quality system standard. The company has held IATF 16949 approval for the automotive industry since 2013.

The company has defined its climate-related risks and opportunities according to the recommendations of Task Force on Climate-Related Financial Disclosures (TCFD). In 2021, the risks and opportunities were reassessed.

Climate-related risks

RISK GROUP	SUBCATEGORY	EXAMPLES OF CONCRETE RISKS
Regulatory	Emerging regulation	Deforestation-related regulation, mostly concerning natural rubber. Green regulation on aviation and maritime fuels can significantly increase costs of logistics.
	Further green labeling	Additional taxes and duties e.g. EU's CBAM for fossil raw materials can increase prices.
	Stricter expectations to oversight	
Physical	Extreme weather events	Disruptions in logistics.
	Extreme temperatures	Contamination of raw materials.
Technological	Climate-related demands for new tire technology	A+ rolling resistance tires required for EVs. 150 km/h max speed for EU – demand for UHP (Ultra High Performance) tires fall.
	Materials technology	Requirements for non-renewable material replacements.
Market and reputation	Market changes	Shift from car ownership to mobility-as-a-service i.e. changing customer base. Green energy prices will go up due to strong demand. Availability of renewable and recycled raw materials can limit plans for sustainability. Increased demand for year-round tires and less winter tires.
	Reputational risk	Deforestation scandals (natural rubber).

Climate-related opportunities

OPPORTUNITY GROUP	SUBCATEGORY	EXAMPLES OF CONCRETE OPPORTUNITIES
Innovation	Raw materials	Innovations with renewable materials.
	Recycling	Recycling system of tires still missing in many countries, Scandinavian system can be used as an example.
	Climate-friendly technology	Lower rolling resistance.
	Energy-efficient production	Modern machinery used in Nokian Tyres' factories.
Product range	Competitive advantage	Nokian Tyres designs and manufactures tires for challenging conditions. Typically, electric vehicles have larger and more expensive tires. Ensuring good offering in this product segment.
	EU further labeling for sustainable tires	Existing focus on sustainable natural rubber and developing wear resistance.
	Industrial (heavy) tires	We have existing expertise to provide climate-friendly solutions.
Engagement	Consumers	
	Policy makers	Increased preparedness for new regulations or incentives.
	Shareholders/stakeholders	
Regulatory	Renewable Energy Directive	More renewable energy available in EU, prices can decrease.
	Green legislation	Global carbon tax or similar would improve NT's competitive position.

In 2020, the company was the first in tire industry to receive approval for its targets for reducing greenhouse gas emissions from the Science-Based Targets initiative. The work to reduce the GHG emissions is followed and supported by the Nokian Tyres Greenhouse Gas Reduction Steering Group, which started operating at the beginning of 2021. The GHG Steering Group convenes four times a year.

The company is a shareholder in Suomen Rengaskierrätys Oy, which centrally manages the collection and reuse of used tires in Finland. In Finland, nearly 100% of decommissioned tires are recycled, and in Europe, the degree of recycling is approximately 95%. Together with some other major tire manufacturers, Nokian Tyres has established the Eco Tire Association in Russia. In 2021, Nokian Tyres continued to empty illegal tire landfills in Russia in the “Eco Challenge” together with the EcoShinSoyuz (EcoTyresUnion). With the project, Nokian Tyres wants to increase public awareness of tire disposal as the recycling rate in Russia is still low.

Unfortunately, the VOC emissions (volatile organic compounds, or solvents) of the Nokian Tyres’ factory in Finland are still above the maximum allowed level. Evaluation of further measures to solve the problem has been started. In Finland, Nokian Tyres received one environmental complaint in 2021 concerning noise at the Finnish factory. The company was also contacted concerning odor and noise emissions from local residents in Sastamala, Finland, where our retreading unit is located. The complaints were investigated, and actions implemented.

The company received no environmental complaints from the US or Russia.

In 2021, Nokian Tyres received one environmental fine for instances of non-compliance with laws and regulations at the US factory. Due to the lack of regular pressure monitoring in mixing department for three months the company was fined 3,000 USD.

Special attention has been paid to improvements in energy efficiency, as well as chemical safety and sustainability work across different fields of business.

At the production facilities, emphasis remained on reusing waste. In 2021, 100% of factory waste in Finland and Russia, and 99.5% in the US was sent to reutilization.

Utilization degree of waste

	2019	2020	2021
Finnish factory	100%	100%	100%
Russian factory	90%	99%	100%
US factory	–*	99%	99.5%

* US factory started operating in 2020.

EU Taxonomy

The EU’s new Taxonomy Regulation is designed to support the transformation of the EU economy to meet its European Green Deal objectives, including the 2050 climate-neutrality target. At the core of the Taxonomy Regulation is the definition of a sustainable economic activity. This definition is based on two criteria. An activity must:

- Contribute to at least one of six environmental objectives listed in the Taxonomy; and

- Do no significant harm to any of the other objectives, while respecting basic human rights and labor standards.

The new Taxonomy regulation has now entered partly in force. It classifies economic activities, which can be potentially aligned with EU’s environmental targets. There are six environmental targets in the EU Taxonomy, two of which are now regulated: Climate Change Mitigation and Climate Change Adaptation.

Tire industry is included in the economic activity group Manufacture of other low carbon technologies in the EU Taxonomy’s technical screening criteria. After investigating and consulting on EU Taxonomy’s technical screening criteria, following conclusions about Nokian Tyres’ economic activities have been made:

- Car and van tires with low rolling resistance ratings which are manufactured by Nokian Tyres have substantially lower life-cycle carbon footprint than corresponding average tires. This is a combined result of low use phase emissions and industry’s best-in-class manufacturing emissions.

- At this stage, we will exclude all heavy professional tires as there is no solid comparison data available of use phase CO₂ emissions for heavy professional tires.

Manufacture of car and van tires with low life-cycle greenhouse gas emissions represented 35% of Nokian Tyres’ total net sales in 2021. Based on our assessment, these economic activities are eligible for the EU Taxonomy criteria. Share of Opex within the scope of EU Taxonomy was 31% and share of Capex within the scope of EU Taxonomy was 26%.

It has to be noted that the Taxonomy reporting scope and criteria may change in coming years as this is the first reporting round, and therefore also the figures may not be comparable between the reporting periods.

KPI	Total (EUR million)	Proportion of Taxonomy eligible economic activities	Proportion of Taxonomy non-eligible economic activities
Net sales	1,714	35%	65%
Capital expenditure	120	26%	74%
Operating expenditure	40	31%	69%

Nokian Tyres' approach to calculate the eligibility for the EU Taxonomy

Net sales

- **A:** Amount of eligible net sales coming from car and van tires having EU Tyre labeling grade A, B or C in rolling resistance.
- Heavy tires will be excluded as there is no solid data (or public benchmark) available for use phase CO₂ emissions.
- **B:** Total amount of net sales
- **C:** Share of net sales within the scope of EU Taxonomy
- **C = A/B %**

Capex & Opex

- **D:** Eligible passenger car tires production companies' Opex: Research and Development and real estate expenses deducted by depreciation & amortization
- **E:** Group Opex: Research and Development and real estate expenses deducted by depreciation & amortization
- **F:** Share of Opex within the scope of EU Taxonomy
- **F = C*D/E %**
- Justification: represents share of Opex used for producing low rolling resistance car and van tires with reasonable accuracy.
- **G:** Eligible passenger car tires production companies' tangible Capex
- **H:** Group Capex including tangible and intangible investments
- **I:** Share of Capex within the scope of EU Taxonomy

• I = C*G/H %

- Justification: represents share of Capex used for production readiness for low rolling resistance car and van tires with reasonable accuracy.
- Remark: handpicking and assessing each investment's relation to EU Taxonomy separately is regarded not to give much additional accuracy.

PEOPLE

IMPACTS: Safety and well-being of personnel

The company's principles in all operations are fair treatment and respect of human rights when collaborating with its personnel or other stakeholders. This principle of equality and non-discrimination is an essential part of the company's operations, and the management of diversity is based on the concept of equality and equal prerequisites for work.

People Review discussions with all employees focus on managing performance and employee's personal development. Internal job rotation, on-the-job learning, and other learning solutions have a key role in supporting personnel development. In 2021, a total of 96.3% of Nokian Tyres' personnel took part in a People Review (93.0% in 2020).

In 2021, Nokian Tyres conducted a personnel survey Drive! to measure well-being, equality, inclusion and engagement inside the organization. In the company wide survey, 89% of employees gave positive or neutral responses to a question about the overall feeling at the moment (86% in a pulse survey conducted in 2020). To a question concerning equality, we

received a score of 66 on a scale of 0-100 (Vianor not included as their survey results are available in February), which is 6 points below the global benchmark. After assessing the results of the survey, improving equality was made a priority in our sustainability work and our aim is to continuously improve the score. This equality KPI is being followed annually.

Nokian Tyres' commitment and ongoing efforts related to data protection continued throughout the year. In particular, Nokian Tyres Data Protection Policy was updated, and the Data Protection eLearning content renewed. The renewed eLearning course will be made available for all Nokian Tyres employees during 2022.

Safety work continues

Nokian Tyres' goal is to promote occupational health and minimize the number of occupational accidents. Occupational health and safety are an integral part of the company's daily management and operations.

Safety is Nokian Tyres' first priority, both on the road and in production. The company's goal for 2021 was to reduce the number of workplace injuries by 20% compared to the previous year. Unfortunately, this goal was not met, and the group wide accident rate (LTIF) increased by 11% to 4.1 (3.7 in 2020). At the same time, the Nokian Heavy Tyres celebrated two years without accidents leading to absences in January 2022. Work to improve safety continues by minimizing the possibilities for human errors.

Lost-time injury frequency (LTIF)

2017	2018	2019	2020	2021
7.5	8.3	4.3	3.7	4.1

PRODUCTS

IMPACTS: Continuous improvement of traffic safety of tires and the sustainability of raw materials in tires

Nokian Tyres' R&D is constantly developing new ways of replacing fossil-based raw materials with recycled or renewable materials to enable more sustainable tire manufacturing. In January 2022, the company published a concept tire that was made 93% of either recycled or renewable raw materials. Nokian Tyres aims to increase the share of recycled or renewable raw materials in its tires to 50% by 2030.

Rolling resistance

Carbon dioxide, CO₂, is the most significant greenhouse gas generated by traffic. The higher the rolling resistance of a tire is, the higher the fuel consumption and CO₂ emissions will be. By 2020, the company had reduced the rolling resistance of its product range by 8.5% in average compared to the 2013 baseline and exceeded the target set for 2020. This reduction target is no longer followed as the company set new sustainability targets for 2025.

In 2021, Nokian Tyres set a new goal for developing the rolling resistance of its tires: By 2025, the company aims to have at least 60 tires in the best rolling resistance A class of EU Tyre labeling system. In 2022, the company aims to add 10 new

tires to the best rolling resistance A class in EU Tyre labeling.

Nokian Tyres products in the rolling resistance A class *

Status in 2021	Goal for 2022	Goal for 2025
14	24	60

* Tires included in the EU Tyre labeling

Developing wet grip and ice grip

Nokian Tyres participates actively in developing the EU Tyre labeling test method standards, such as wet grip and ice grip. Wet grip is a critical safety feature of a tire as it relates to how quickly a tire can stop on wet roads. The EU Tyre labeling rates the wet grip of tires from A to E: A being the shortest braking distances in the wet, E being the longest braking distance.

Wet grip is one of Nokian Tyres' R&D's continuous development targets. This is aligned with one of our material topics: traffic safety of tires. Nokian Tyres' goal for 2025 is to include 100% of the company's premium tires in the best wet grip A or B class in the EU Tyre labeling. We will report the progress annually.

Percentage of selected tires* in wet grip class A or B

Status in 2021	Goal for 2025
89%	100%

* Selected scope: Tires in price category A and included in the EU Tyre labeling, the latest generation. Does not include Nordic winter tires.

As a Scandinavian tire designer and manufacturer, the safety of winter tires is one of our top priorities in traffic safety of tires. As of May 2021, the EU Tyre

labeling includes a new label for snow grip marking as well as ice grip marking. A tire that is approved for severe snow conditions has the snow grip marking, and a tire that passes the international ice grip test method has the ice grip marking on their label. Our new goal for the winter tire safety performance level is that 100% of Nordic Hakkapeliitta winter car and SUV tires fulfill the new 2021 EU ice grip criteria. In 2021, 99.5% fulfilled the criteria.

SUPPLY CHAIN

IMPACTS: Sustainable natural rubber procurement, climate change mitigation in supply chain

Natural rubber is one of the main ingredients of tires. Cooperation with the industry and other stakeholders is vital in improving the conditions of the employees working in the natural rubber industry and the state of the environment. The tire industry has made a joint effort to move towards sustainable natural rubber, including labor rights. Nokian Tyres is a member of the Global Platform for Sustainable Natural Rubber (GPSNR), which is a platform established by WWF, several other nonprofit organizations, rubber traders and processors, and large tire manufacturers.

In September 2021, Nokian Tyres adopted a sustainable natural rubber policy that is fully aligned with the policy framework of the GPSNR. The company's sustainability in natural rubber is now developed through the framework of this policy. In 2021, the sustainability audits in natural rubber processing plants continued after being paused due to the start of the pandemic.

In 2021, the company also updated its Supplier Code of Conduct. The updated Supplier Code of Conduct includes new topics, such as local communities and surrounding societies, emergency preparedness and prevention, conflict minerals, fair competition, and traceability.

As part of the Nokian Tyres Science Based Targets for reducing CO₂ emissions, a new KPI for the supply chain was created. During 2022, at least 40 raw material and 20 transport suppliers are expected to provide Nokian Tyres with a CO₂ emission reduction plan. The action is focused on the biggest emission sources.

SIGNATURES FOR THE NON-FINANCIAL INFORMATION STATEMENT

Helsinki, 8 February 2022

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