

Corporate Governance Statement

Nokian Tyres plc (hereinafter “the company”) complies with the rules and regulations of its Articles of Association and the Finnish Companies Act, as well as those published by Nasdaq Helsinki Oy (“The Helsinki Stock Exchange”) concerning listed companies. The company also complies with the Finnish Corporate Governance Code 2010 approved by the Securities Market Association that became effective October 1, 2010. The code document is available on the Internet at <http://cgfinland.fi/en/>.

The company’s corporate governance is based on the entity comprised of the Annual General Meeting, the Board of Directors, the President and the Group Management Team, the above-mentioned laws and regulations, and the Group’s policies, instructions and practices. The company’s Board of Directors has accepted the report concerning corporate governance. According to the company’s auditors, the report and the related descriptions of internal reporting controls and risk management are in compliance with the actual reporting process.

Annual General Meeting

The highest decision-making power in the company is held by the Annual General Meeting, whose tasks and procedures are outlined in the Limited Liability Companies Act and the company’s Articles of Association. The Annual General Meeting decides on such matters as the confirmation of the company’s annual accounts, profit distribution, and discharging the Board of Directors and the President from liability. The Annual General Meeting elects the members of the Board of Directors and the auditors and determines their remuneration. In addition, the Annual General Meeting can make decisions on questions such as amendments to the Articles of Association, share issues, granting warrants, and acquisition of the company’s own shares.

An extraordinary general meeting is summoned whenever the Board considers this to be necessary or if an auditor or a group of shareholders with a holding of a total of at least one-tenth of the entire stock requires it in writing in order to address a particular issue.

The Annual General Meeting is held by the end of May of each year on a date determined by the Board of Directors, either at the company’s registered place of business or in the city of Tampere or Helsinki.

The Articles of Association state that the invitation to the Annual General Meeting must be published in one daily newspaper distributed nationwide and one distributed in the Tampere region. In addition, the company publishes the invitation to the Annual General Meeting as a stock exchange release and on its website.

The Annual General Meeting for 2015 took place on April 8, 2015 at the Tampere Hall, Tampere. The meeting confirmed the consolidated financial statements and discharged the Board members and the President from liability for the fiscal year 2014. All documents related to the Annual General Meeting are available on the Internet at www.nokiantyres.com/company/investors/.

Shareholder’s rights

According to law, shareholders are entitled to subject matters belonging to the Annual General Meeting’s scope of power to be addressed at the meeting. This requires that the shareholder submit the requirement to the Board of Directors in writing, far enough in advance that the matter can be added to the agenda on the invitation.

Shareholders registered in the company’s shareholder register by the date specified on the invitation to the Annual General Meeting, 8 days before the meeting (the record date), are entitled to attend the Annual General Meeting. Shareholders can also authorize a proxy to act on their behalf in the Annual General Meeting. Owners of administratively registered shares can be temporarily added to the shareholder register in order to make them eligible to attend the Annual General Meeting.

In the Annual General Meeting, shareholders are entitled to use the entire amount of votes they own on the record date. Shareholders have the right to present questions regarding issues on the General Annual Meeting’s agenda. In addition, shareholders are entitled to suggest draft resolutions concerning matters belonging to the scope of power of the Annual General Meeting and included on its agenda.

Board of Directors

The Board is responsible for corporate governance and the appropriate conduct of ordinary activities. The Board holds the general legal power in company-related issues that do not belong to the scope of power of other corporate governance bodies as stipulated in applicable laws and the Articles of Association. The policies and key tasks of the Board are defined in the Limited Liability Companies Act, the Articles of Association, and the Board’s rules of procedure. The key tasks include:

- Consolidated financial statements and interim reports
- Proposals to the Annual General Meeting
- Appointing and dismissing the President and CEO
- Organization of financial control.

In addition, the Board deals with, and decides on, matters of principle, as well as issues that carry financial and business significance, such as:

- Group and business unit strategies
- The Group’s action, budget, and investment plans
- The Group’s risk management and reporting procedures
- Decisions concerning the structure and organization of the Group
- Significant individual investments, acquisitions, divestments, and reorganizations
- The Group’s insurance and financing policies
- Reward and incentive schemes for Group management
- Appointing Board committees
- Monitoring and evaluating the actions of the President and CEO.

The company has a separate Audit Committee and a Nomination and Remuneration Committee.

The President and CEO of Nokian Tyres is in charge of ensuring that the Board members have necessary and sufficient information on the company’s operations.

The Board assesses its activities and operating methods by carrying out a self-evaluation once a year.

Composition of the Board

The Board of Directors shall comprise such a number of members and feature such a composition that it is capable of efficiently carrying out its tasks. The elected Board members must be qualified for the task and able to allocate enough time for the Board duties.

According to the Articles of Association of Nokian Tyres, the Board of Directors comprises no fewer than three and no more than eight members. Members of the Board are elected at the Annual General Meeting. The Board members’ term of office terminates at the end of the first Annual General Meeting following the elections.

Remuneration payable to Board members are confirmed at the Annual General Meeting. The Board of Directors appoints a Chairman from among its members at the first constituent meeting following the Annual General Meeting. The Chairman presides until the end of the following Annual General Meeting. The Board meetings usually take place in Helsinki. The Board visits also the main units of the Group and holds its meetings at these locations. When necessary, telephone conferences can also be arranged. The Vice President responsible for finance and control and other Group Management Team members as well as internal auditor participate in the Board meetings when necessary. The auditor participates in the annual meeting dealing with financial statements and auditing plan. The Group General Counsel is the secretary of the Board.

The Board met 10 times in 2015, with an attendance as follows:

Petteri Walldén, Chairman	10/10	100%
Kim Gran (until April 8, 2015)	4/4	100%
Hille Korhonen	10/10	100%
Tapio Kuula (from April 8, 2015)	6/6	100%
Raimo Lind	10/10	100%
Inka Mero	10/10	100%
Risto Murto (until April 8, 2015)	4/4	100%
Hannu Penttilä	10/10	100%

In 2015 the company's Board comprised the following members:

Petteri Walldén, Chairman (b. 1948)

Member of the Board since 2005. Chairman of the Nomination and Remuneration Committee.

Education: Master of Science (Engineering).

Key experience:

2007–2010 Alteams Oy, President and CEO;
2001–2005 Onninen Oy, President and CEO;
1996–2001 Ensto Oy, President and CEO;
1990–1996 Nokia Kaapeli Oy, President and CEO;
1987–1990 Sako Oy, President and CEO.

Key positions of trust: Chairman of the Board: Ledil Oy, Savonlinna Opera Festival

Vice Chairman of the Board: Tikkurila Oyj

Member of the Board: Efla Oy, Kuusakoski Group Oy, SE Mäkinen Logistics Oy, Staffpoint Holding Oy, Teleste Oyj

Fee per year: EUR 80,000, of which EUR 39,984 in the form of 1,393 shares
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 6,000; Nomination and Remuneration Committee meetings, EUR 3,000.
Holdings on December 31, 2015: 17,130 shares

Kim Gran (b. 1954)

Member of the Board from April 3, 2002 to April 8, 2015.

Education: Bachelor of Science (Economics).

Key experience:

2000–2014 Nokian Tyres plc, President and CEO;
1995–2000 Nokian Tyres plc, Vice President, Nokian Car and Van Tyres
1992–1995 Pechiney Cebal, Corby, UK, Managing Director;
1988–1995 Cebal-Printal, Devizes, UK, Managing Director;
1987–1988 Printal Oy, Marketing Director;
1985–1987 Gran-Transport Ltd, Director;
1982–1985 A. Ahlström, Marketing Manager;

1980–1982 A. Ahlström, Purchasing Manager.

Vice Chairman of the Board: YIT Oyj

Member of the Board: SSAB, Finnish-Russian Chamber of Commerce (FRCC)
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 2,400.

Hille Korhonen (b. 1961)

Member of the Board since 2006. Member of the Nomination and Remuneration Committee.

Full-time position: President and CEO, Alko Oy

Education: Licentiate of Science (Technology).

Key experience:

2008–2012 Fiskars Oyj Abp, Vice President, Operations;
2003–2007 Iittala Group, Group Director, Operations;
1996–2003 Nokia Corporation, management duties for logistics;
1993–1996 Outokumpu Copper Plc, Manager, Logistics and Marketing Development.

Key positions of trust: Member of the Board: Finnish Commerce Federation, Ilmarinen Mutual Pension Insurance Company

Fee per year: EUR 40,000, of which EUR 19,978 in the form of 696 shares
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 6,000; Nomination and Remuneration Committee meetings, EUR 3,000.
Holdings on December 31, 2015: 7,264 shares

Tapio Kuula (b. 1957)

Member of the Board since 2015. Member of the Audit Committee.

Education: M.Sc. (Econ), M.Sc. (Electrical Engineering), B.Sc. (Econ).

Key experience:

2009–2015 Fortum Corporation, President and CEO;
2000–2009 Fortum Power and Heat Oy, President;
2005–2009 Fortum Corporation, Senior Vice President;
2000–2005 Fortum Oyj, President, Power and Heat Sector;
1999–2000 Fortum Power and Heat Oy, Senior Executive Vice President;
1997–1998 Imatran Voima Oy, Executive Vice President, member of the Management team and the Board;
1996–1997 Imatran Voima Oy, Director, Distribution;
1995–1996 Länsivoima Oyj, Deputy Managing Director;
1993–1996 Jyllinkosken Sähkö Oyj, Managing Director;
1989–1993 Koillis-Pohjan Sähkö Oy, Managing Director;
1988–1989 Energy Utility of the City of Seinäjoki, Managing Director;
1986–1988 Stuart Edgar Ltd. (G A Serlachius) UK, System Development Manager;
1984–1986 G A Serlachius, System Development Manager;
1980–1984 Koillis-Pohjan Sähkö Oy, Research Manager.

Key positions of trust: Co-chairman: Northern Dimension Business Council
Member of the Board: Fortum Corporation, Finnish-Russian Chamber of Commerce

Fee per year: EUR 40,000, of which EUR 19,978 in the form of 696 shares
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 3,600; Audit Committee meetings, EUR 2,400.
Holdings on December 31, 2015: 5,696 shares

Raimo Lind (b. 1953)

Member of the Board since 2014. Chairman of the Audit Committee.

Education: Master of Science (Economics).

Key experience:

2005–2013 Wärtsilä Oyj Abp, CFO, Senior Executive Vice President and deputy to the CEO;
1998–2004 Wärtsilä Oyj Abp, CFO;
1992–1997 Tamrock, President of Coal Division, President of Service Division, CFO;

1990–1991 Scantrailer Oy, Managing Director;

1976–1989 Wärtsilä Oyj Abp, Service Division, Vice President; Wärtsilä Singapore Ltd, Managing Director; Diesel Division, VP Group Controller.

Key positions of trust: Chairman of the Board: Elisa Oyj, Evac Group Oy
Member of the Board: Capman Credit, HiQ AB

Fee per year: EUR 40,000, of which EUR 19,978 in the form of 696 shares
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 6,000; Audit Committee meetings, EUR 3,000.

Holdings on December 31, 2015: 1,393 shares

Inka Mero (b. 1976)

Member of the Board since 2014. Member of the Audit Committee.

Full-time position: Co-founder and Chairwoman, KoppiCatch Oy

Education: Master of Science (Economics).

Key experience:

2008– KoppiCatch Oy, Co-Founder and Chairwoman;
2006–2008 Playforia Oy, CEO;
2005–2006 Nokia Oyj, Director;
2001–2005 Digia Oyj, VP, Sales and Marketing;
1996–2001 Sonera Oyj, Investment Manager.

Key positions of trust: Chairman of the Board: IndoorAtlas Oy, KoppiCatch Oy

Member of the Board: Fiskars Oyj, Staffpoint Holding Oy, StartupSauna Foundation

Fee per Year: EUR 40,000, of which EUR 19,978 in the form of 696 shares

Meeting fee: (EUR 600 per meeting attended): Board meetings, EUR 6,000; Audit Committee meetings, EUR 2,400.
 Holdings on December 31, 2015: 1,393 shares

Risto Murto (b. 1963)

Member of the Board from April 12, 2012 to April 8, 2015.
 Full-time position: CEO, Varma Mutual Pension Insurance Company
 Education: Doctor of Science (Economics)
 Key experience:
 2010–2013 Varma Mutual Pension Insurance Company, Vice President;
 2006–2010 Varma Mutual Pension Insurance Company, Director, Investments;
 2000–2005 Opstock Ltd, Managing Director;
 1997–2000 Opstock Ltd, Head of Equities and Research.
 Key positions of trust: Vice-Chairman of the Board: Kaleva Mutual Life Insurance, University of Oulu, Finnish Pension Alliance TELA
 Member of the Board: Wärtsilä Plc, Federation of Finnish Financial Services FFI
 Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 2,400; Audit Committee meetings, EUR 600.

Hannu Penttilä (b. 1953)

Member of the Board since 1999. Member of the Nomination and Remuneration Committee.
 Education: Master of Laws.
 Key experience:
 2001–2014 Stockmann plc, CEO;
 1994–2001 Stockmann plc, Executive Vice President;
 1992–2001 Stockmann plc, Director, Department Store Division;
 1986–1991 Stockmann plc, Director, Helsinki Department Store;
 1985–1986 Stockmann plc, Manager, Tapiola Department Store;
 1978–1984 Stockmann plc, Company lawyer;
 1976–1978 Ministry of Labour, Inspector, junior ministerial secretary.
 Key positions of trust: Member of the Board: L-Fashion Group Oy, Senior Advisor: Summa Capital Oy
 Fee per year: EUR 40,000, of which EUR 19,978 in the form of 696 shares
 Meeting fee: (EUR 600 per meeting attended): Board meetings, EUR 6,000; Nomination and Remuneration Committee meetings, EUR 3,000.
 Holdings on December 31, 2015: 8,892 shares

Independence of the Board members

The Board members are independent of the company. All Board members are independent of all major shareholders of the company.

Committees of the Board

From its members, the Board of Directors appoints a chairman and the members for the committees annually at its first constituent meeting following the Annual General Meeting. Each committee must include no fewer than three members having the competence and expertise necessary for working in the committee. The members of the Audit Committee must be independent of the company, and at least one member must be independent of all major shareholders. The majority of the members of the Nomination and Remuneration Committee must be independent of the company. The President and CEO and the other members of the company management cannot act as members of the Nomination and Remuneration Committee.

Audit Committee

The Audit Committee assists the Board of Directors in its regulatory duties and reports to the Board. The committee has no independent decision-making power; collective decisions are made by the Board, which is responsible for carrying out the tasks assigned to the committee.

The members of the Audit Committee in 2015 were Raimo Lind (Chairman), Inka Mero, Tapio Kuula (from April 8, 2015), and Risto Murto (until April 8, 2015).

According to the rules of procedure specified by the Board, the committee controls that bookkeeping, financial administration, financing, internal auditing, audit of the accounts, and risk management are appropriately arranged in the company. The committee follows the reporting process for financial statements as well as any significant changes in the recording principles and the items valued in the balance sheet. The committee also processes the general description of the mechanisms of internal auditing and risk management of the financial reporting process, which forms part of the Corporate Governance Statement. The committee follows the statutory auditing of the financial statement and the consolidated financial statements and assesses the independence of the statutory auditor. The committee prepares the draft resolution on selecting the auditor.

The committee assembled 5 times in 2015 with an attendance as follows:

Raimo Lind	5/5	100%
Tapio Kuula (since April 8, 2015)	4/4	100%
Inka Mero	4/5	80%
Risto Murto (until April 8, 2015)	1/1	100%

All committee members are independent of the company and of all major shareholders of the company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established to improve the efficiency of the Board’s work. The committee reports to the Board and assist it by preparing matters subject to decision by the Board. The committee has no independent decision-making power; collective decisions are made by the Board, which is responsible for carrying out the tasks assigned to the committee.

The members of the Nomination and Remuneration Committee in 2015 were Petteri Walldén (Chairman), Hille Korhonen and Hannu Penttilä.

The committee prepares the Board’s proposal to the Annual General Meeting on the members to be appointed to the Board of Directors and the remuneration to be paid to the Board members. In addition, the committee prepares a proposal to the Board on the company’s President and CEO and on the salary and other incentives paid to the President and CEO. The Nomination and Remuneration Committee also submits a proposal to the Board on the allocation and criteria of employee stock options and other incentives.

The committee assembled 5 times in 2015. The attendance rate was 100%. All committee members are independent of the company and of all major shareholders of the company.

President and CEO

The President and CEO manages the Group’s business operations and implements the current corporate governance in accordance with the instructions and guidelines provided by the Board of Directors. With regard to the extent and quality of the company operations, the President and CEO may only undertake unusual or extensive actions when authorized to do so by the Board of Directors. The President and CEO is in charge of ensuring that the company accounting follows statutory requirements and that asset management is arranged reliably. The current President and CEO is Ari Lehtoranta, Master of Science in Telecommunications.

Other management

The Group’s management team assists the President and CEO in operative management. In compliance with the Group’s meeting practice, the Management Workshop convenes once a month, attended by the President and CEO, the business unit Vice Presidents, the service center Vice Presidents, the Executive Vice President for Russian operations, and the Internal Auditor (CAE). More details on the Group’s Management Team are available www.nokiantyres.com/company/investors/corporate-governance/the-groups-management-team/.

Salaries and remuneration, 2015

Remuneration of the Board members

The remuneration payable to Board members is confirmed at the Annual General Meeting. In 2015, remuneration to Board members totalled EUR 335,800 (2014: EUR 336,712), including 4,873 (5,350) Nokian Tyres shares worth EUR 139,874 (EUR 150,281). In addition, the committee and Board members, received meeting fees totalling EUR 55,800 (EUR 36,000) for meetings attended. Board members are not included in the company's option scheme or performance share plan.

Remuneration of the President and CEO

The Board of Directors makes decisions concerning salary and other benefits of the President and CEO. The compensation package includes the basic salary, fringe benefits, payments under the pension capitalization scheme, and performance-related bonus scheme, which is based on the Group's profitability and growth. The bonus cannot exceed 100% of the President and CEO's annual base salary.

In 2015, the annual salary of Ari Lehtoranta, President and CEO, was EUR 687,942. The share of fringe benefits in the salary was EUR 8,469. In addition, the President and CEO received annual bonuses in a total of EUR 100,000. The stock options 2013C amounting 60,000.

The President and CEO's age of retirement is set by written agreement at 63 years. The pension will be determined on the basis of the Employees Pensions Act and a supplementary defined-benefit pension capitalization policy taken out by the company. The pension contribution paid in 2015 was EUR 132,000.

The President and CEO's period of notice is 6 months. If the agreement is terminated by the company, the President and CEO is entitled to compensation corresponding to 18 months' salary and other benefits, in addition to the notice period's salary.

The incentive systems of the management

The Board approves the salaries and benefits of managerial employees and the employee incentive scheme on the basis of a proposal by the Nomination and Remuneration Committee.

Rewards to the management are based on monthly remuneration determined by the competence classification of the tasks and on a separate annual bonus. The annual bonus is determined on the basis of the Group's EBIT and the achievement of the KPIs set for different functions. The function specific KPIs consist of several factors including profitable growth, cash flow, and

the efficiency of operative process. The maximum annual bonus corresponds to 30-50% of a person's annual salary.

The Group has also created an option scheme covering all personnel and a performance share plan for key employees. These aim to provide long-term incentives and build commitment to the company.

Mechanisms of internal control, internal audit, and risk management

The purpose of the Group's internal control mechanisms is to ensure that the financial reports released by the company contain essentially correct information on the Group's financial position. The Group has defined Group-level instructions and policies for the key operative units specified below in order to ensure efficient and profitable operations.

The business activities of the Nokian Tyres Group are divided into two areas: the manufacturing business and the tyre chain. The manufacturing business consists of profit centers, which are Passenger Car Tyres, Heavy Tyres (the Nokian Heavy Tyres profit center was incorporated as an independent company as of January 1, 2006), and Other Business. Each profit center is responsible for its business area and its financial performance, risk management, balance sheet, and investments, supported by the different service functions. The Group's sales companies are a part of the sales function and serve as product distribution channels in local markets. The tyre chain is organized into a separate sub-group, whose parent company is Vianor Holding Oy, fully owned by the parent company Nokian Tyres plc. The tyre outlets operating in different countries are part of the sub-group.

The Managing Directors of the company's subsidiaries are responsible for the daily operations and administration of their companies. They report to the company's Vice President responsible for Sales, while the Managing Directors of the Vianor chain report to the director of the Vianor profit center.

The Board of Directors is responsible for the functionality of the internal control mechanisms, which are managed by the company management and implemented throughout the organization. Internal control is not a separate function; it is an integral part of all activities of the Group at all levels. Operative company management bears the main responsibility for operational control. Every supervisor is obliged to ensure sufficient control over the activities belonging to his or her responsibility and to continuously monitor the functionality of the control mechanisms. The Vice President responsible for finance and control is responsible for organizing financial administration and reporting processes and the internal control thereof. The parent company's Finance and Control unit is responsible for internal and external accounting; its tasks also include producing financial

information concerning the business areas and ensuring the accuracy of this information.

The preparation process of the consolidated financial statements (IFRS), the related control measures, as well as the task descriptions and areas of responsibility related to the reporting process are as defined. The parent company's Finance and Control unit is in charge of consolidating the business areas' figures to produce Group-level financial information. Under the supervision of the parent company's Finance and Control unit, each legally separate Group company produces its own information in compliance with the instructions provided and in line with local legislation. The revenue and operating profit of the Group and business units are analyzed, and the consolidated profit is compared with the management's assessment of business development and information received on operative systems. The Group Finance and Control unit is centrally responsible for the interpretation and application of financial reporting standards, and also for monitoring compliance with these standards.

Effective internal control requires sufficient, timely, and reliable information in order for the company management to be able to monitor the achievement of targets and the efficiency of the control mechanisms. This refers to financial information, as well as other kinds of information received through IT systems and other internal and external channels. The instructions on financial administration and other matters are shared on the intranet for all those who need them, and training is organised to personnel with regard to these instructions when necessary. There is continuous communication with the business units. The company's financial performance is internally monitored by means of monthly reporting complemented with rolling forecasts. The financial results are communicated to company personnel immediately after the official stock exchange releases have been published.

Internal Auditing in Nokian Tyres Group carries out assessments and audits on the efficiency of risk management, internal control, and governance processes. Internal Auditing is an independent and objective function whose aims is to help the organization to achieve its targets. The Internal Audit function in the Group is managed by the Internal Auditor (CAE), who works under the Board of Directors and the President and CEO. The Internal Audit function of the Group is planned to be conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

In 2015, the internal audit focused among other things on assessing the operation and risks of various country organizations, compliance with corporate governance instructions, corporate social responsibility, data

security, and some misconduct risks. External estimator conducted the assessment of the Group's internal audit during the Spring. The Internal Audit function has primarily reported to the Audit Committee. The Internal Audit function in Vianor focuses on guiding the outlets and ensuring conformity to the Vianor activity system. It reports to the Internal Auditor of the Group and the Managing Directors of the country units.

Risk management

The Group has adopted a risk management policy, approved by the Board of Directors, which supports the achievement of strategic goals and ensures continuity of business. The Group's risk management policy focuses on managing both the risks pertaining to business opportunities and the risks affecting the achievement of the Group's goals in the changing operating environment.

The risks are classified as strategic, operational, financial, and hazard risks. Strategic risks are related to customer relationships, competitors' actions, political risks, country risks, brand, R&D, and investments. Operational risks arise as a consequence of shortcomings or failures in the company's internal processes, actions by its personnel or systems, or external events, such as legislative changes, unpredictable rulings by judicial systems or authorities, or changes in raw material prices. Financial risks (Note 29) are related to fluctuations in interest rates and currency markets, refinancing, and counterparty risks. Hazard risks are risks that may lead to injuries, property damage, production outages, environmental impacts, or liabilities to third parties.

The most significant risks related to Nokian Tyres' business are the country risks related to the Russian business environment, reputation risks, product and R&D risks, production outage risks, currency risks, and governance and data administration risks. Due to the company's product strategy, interruption risks that are related to marketing and logistics may have a significant impact especially on peak season sales.

The risk management process aims to identify and evaluate the risks and to plan and implement practical measures for each risks. Among other things, such measures may include avoiding the risk, reducing it in different ways or transferring the risk through insurance or agreements. Control functions and actions are control or back-up procedures applied to reduce risks and ensure the completion of risk management measures.

Risk management is not assigned to a separate organization; its tasks follow the general distribution of responsibilities adopted elsewhere in the organization and its business activities. The company's Board of Directors discusses the risks annually in connection with the strategic process.

Insider issues

Nokian Tyres complies with the guidelines for insider trading drawn up by Nasdaq Helsinki, as well as Standard 5.3 of the Financial Supervisory Authority (Declarations of insider holdings and insider registers), which the company has supplemented with its own insider regulations.

In the guidelines for insiders issued by Nasdaq Helsinki, an insider with a duty to declare refers to:

1. The company's Board members, President and CEO, auditor, or representative of a body of authorized public accountants who is principally responsible for auditing the company, and
2. Other members of the company's top management who have regular access to insider information and who are authorized to make decisions regarding the company's future development and the organization of business activities. The company has assigned all the members of its top management in this category of insiders with a duty to declare.

In the guidelines for insiders issued by Nasdaq Helsinki, company-specific insiders refer to:

1. Persons employed by the company or working for the company under another type of contract who, owing to their position or the nature of their work have regular access to insider information and who the company has defined as insiders (so-called permanent company-specific insiders). In this group, the company has included management assistants, employees in the communications department responsible for distributing stock exchange and financial information, and the key employees in the finance department.
2. Persons employed by the company under an employment contract or other contract who have access to insider information, as well as persons temporarily included in the project-specific register (so-called project-specific insiders). A project is a confidentially prepared, uniquely identifiable collection of topics or arrangement which includes insider information and which, if realized, may essentially affect the value of the company's publicly traded securities. The Financial Supervisory Authority is entitled to have access to information pertaining to the management of the company's project-specific insider information.

Duty to declare, insider registers and trading prohibitions

The Securities Market Act imposes a duty to declare on the company's insiders with a duty to declare and requires that the company maintain a public register of its insiders with a duty to declare. The law requires that the company keep a confidential company-specific register of company-specific insiders. In the guidelines for insiders issued by

Nasdaq Helsinki, insiders with a duty to declare and permanent company-specific insiders are jointly called permanent insiders.

Permanent insiders must time their trading in securities issued by the company in such a way that it does not erode confidence in the securities markets. Insiders are not allowed to trade the company's securities in the 30 days preceding the publication of interim reports and financial statement bulletins. This period may be extended if necessary. In addition to the permanent insiders themselves, the restriction on trading also applies to their spouses, individuals of legal incapacity under their guardianship, and corporate bodies in which they exercise authority. The trading prohibition applies to project-specific insiders until the termination or publication of the project.

Management of insider issues

Nokian Tyres maintains its insider register in the SIRE system of Euroclear Finland. The company has appointed an insider issues manager to manage the tasks related to insider trading. The company also has an insider registrar who deals with the practical tasks related to the insider register. The company reviews annually the basic information and trading covered by the duty to declare of the insiders with a duty to declare. Based on the review, the company prepares an annual report including the dates and results of the review.

Audit

The auditor has an important role as a controlling body appointed by the shareholders. The audits give shareholders an independent opinion on how the financial statements and Report by the Board of Directors of the Company have been drawn up and the accounting and administration of the Company have been managed. The auditor elected at the Annual General Meeting is KPMG Oy Ab, authorized public accountants, with Lasse Holopainen, Authorized Public Accountant, acting as the auditor with principal responsibility. In addition to his duties under the valid regulations, he reports all audit findings to the Group's management. The Group's audit fees in 2015 amounted to EUR 537,000 (2014: EUR 435,000). The fees paid to the authorized public accountants for other services totalled EUR 347,000 (EUR 266,000).

Communications

The goal of Nokian Tyres' investor relations is to regularly and consistently provide the stock market with essential, correct, sufficient and up-to-date information used to determine the share value. The operations are based on equality, openness, accuracy and good service.

