

The image features a close-up of a white car's front left wheel with a distinctive tread pattern. In the background, a family of three is dressed in winter gear, standing in a snowy environment. The Nokia Tyres logo is positioned in the top left corner.

nokian[®]
TYRES

Corporate Sustainability Report 2013

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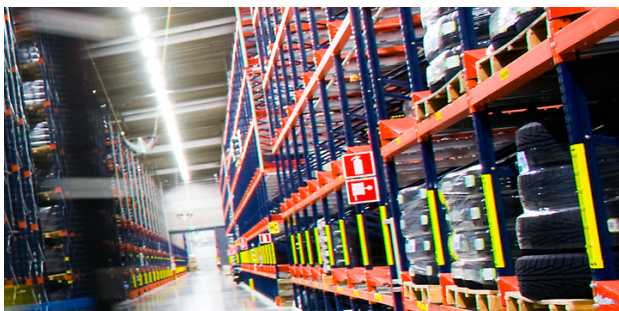
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The PDF version of the 2013 Corporate Sustainability Report is automatically generated based on the website content.

Responsibility affects our every decision

We work relentlessly for safer and more eco-friendly transportation. We care deeply about safety and well-being on the road as well as at work at Nokian Tyres. We build our success together and take into account our interest groups and the environment. We want to operate responsibly and be the world's most profitable tyre company today and in the future.

Finance



A profitable business enables us to further develop our operations and it offers financial security, work, and well-being for our interest groups.

People



Internal entrepreneurship, shared development of ideas, and active participation all support the development of competence, profitable growth, and strategic implementation.

Our Corporate Sustainability Report 2013 is part of this Corporate Sustainability site. Based on the online report site, a PDF report on the Nokian Tyres' events of the year 2013 is available in the ['Certificates, reports and awards'](#) section.

World on wheels



We make products that improve the safety of driving even under demanding conditions.

Planet



Good corporate citizenship is a matter of honour for us. As a socially responsible company, we ensure that our actions do not harm the environment or people but instead promote their well-being. We emphasise the good quality and safety of our products and we are an industry pioneer in environmental issues.

Focusing on the relevant generates sustainable solutions

For us at Nokian Tyres, it is self-evident that financial success and ethical operations are not mutually exclusive. They are not conflicting goals and they actually support each other. In accordance with our principles of responsibility, we commit ourselves to the strategic goals and our vision and we follow all of the laws and regulations as part of our transparent and open operations. We want to go beyond the minimum requirements for our operations and aim for better and more responsible work. It is clear that we want to be a pioneer in terms of our products as well as our operation.

One year ago, we published our first Corporate Sustainability Report in accordance with the GRI guidelines. Compared to our earlier Environmental Reports, the new report is an even more comprehensive description of our operations. We strive for transparency and want to offer our interest groups an opportunity to follow our operations and our impact on the world around us. Therefore, implementing the revised GRI G4 guidelines felt natural to us.

Hakkapeliitta Way specifies our focus areas

Now, our reporting pays more attention to the aspects of sustainability that are relevant in terms of our business and interest groups. By dividing our responsibility into five clear sections we ensure that sustainability is a part of the everyday management work. We also made responsibility a fixed part of the Hakkapeliitta Way, which is our principle of working for our company's goals and objectives.

Product safety, high quality standards, and a good customer experience are the top priorities for our company with regard to our business as well as responsibility. As the northernmost tyre manufacturer in the world, we have solid expertise and the desire to tailor our products for specific markets. The unique innovations of our test-winning products and our uncompromising approach to safety offer our customers trouble-free and safe trips in all road conditions.

In addition to product safety and quality, we feel that profitable growth, good HR management, and environmental issues are important for the development of responsible business operations.



It is all about the attitude

Responsibility has already been an essential and natural part of our operations for decades. All of our efforts always aim at ensuring growth, mutual success, and opportunities for development in a responsible way, which benefit our interest groups and surroundings. We have the right attitude towards the development of responsibility, and we find solutions and create results together.

I hope you will be inspired by our revised Corporate Sustainability Report online. The interactive GRI comparison table helps you to conveniently navigate the report. In case you need a traditional paper copy of the report, you can help the environment by only printing out the parts that you actually need.

Kim Gran
President and CEO

Expert in Northern conditions

Nokian Tyres designs and manufactures safe tyres for demanding conditions, while respecting environmental values. As the northernmost tyre manufacturer in the world, we work relentlessly for safer, more comfortable, and eco-friendly transportation – year-round. Our special Nordic expertise brings with it the ability to value and understand nature and its peculiarities.

Our reliable and innovative tyres for passenger cars, lorries, and heavy machinery are primarily intended for areas with snow, forest, and demanding driving and operating conditions due to changing seasons. We tailor our products to different conditions, which is a unique approach in the tyre industry. The rough roads and extreme weather conditions of the north require different tyre structures and rubber compounds than the warmer climate in Southern Europe, for example.

Nokian Hakkapeliitta is the leading winter tyre brand in the Nordic Countries and Russia. Our position as the market and price leader is established by our most important competitive advantages: a quality image that is based on decades of user experiences and independent test results, strong distribution network, and competence in logistics.

We mainly sell our products in the aftermarket. Our group includes the Vianor tyre chain, which conducts wholesale and retail operations in our key markets. Nokian Tyres has three factories in Finland and Russia. In 2005–2013, we have invested approximately one billion euro in our factories, and the facilities represent the absolute best in the industry in terms of productivity and quality.

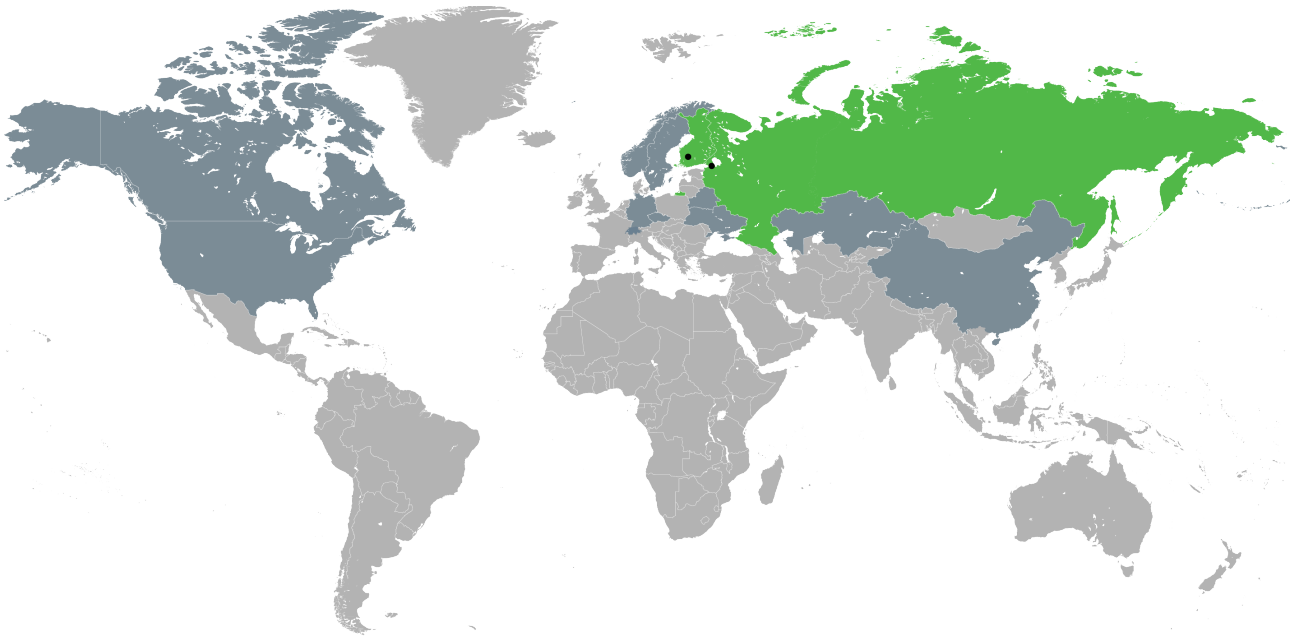
In 2013, the company turnover was more than €1.5 billion, and we employed 4,170 people at the end of the year. Nokian Tyres is listed on the NASDAQ OMX Helsinki.

[Read more about the company' ownership structure.](#)

More than one hundred years of competence and expertise

The roots of Nokian Tyres go all the way back to 1898, when Suomen Gummitehdas Osakeyhtiö was established. Our factory in Nokia has stood by the Nokianvirta river since 1904. Nokian Tyres Plc was listed on the stock exchange in 1995. The company established its second own production facility in Vsevolozhsk, Russia, in 2005.

In addition to its own production facilities, the company utilises contract manufacturing according to high quality standards. In 2013, contract manufacturing accounted for approximately 3% of the total sales volume. Nokian Tyres has sales companies in Finland, Sweden, Norway, Russia, Ukraine, Kazakhstan, Germany, Switzerland, the Czech Republic, Belarus, Canada, the United States, and China. The company has obtained quality and environmental certification for its production facilities in Nokia and Vsevolozhsk as well as the Swedish sales company.



- Company owned production: Nokia, Finland and Vsevolozhsk, Russia. Also contract manufacturing roughly 3% of sales volume in 2013.
- Sales companies: Finland (parent company), Sweden, Norway, Russia, Ukraine, Kazakhstan, Germany, Switzerland, Czech Republic, Belarus, USA, Canada and China.

The world's first winter tyre, the Kelirengas ("weather tyre"), was developed in 1934 specifically for the Finnish roads, varying terrain, and winter conditions. The first Nokian Hakkapeliitta tyre was developed a few years later based on the Kelirengas. The story of the master of snowy roads has continued for nearly 80 years.

[Learn more about our products under World on wheels.](#)

Responsible tyre sales and diverse service near the customers

Vianor is the largest and most comprehensive tyre chain in the Nordic countries, Russia, and the CIS. At the end of 2012, the chain comprised a total of 1,206 outlets in 27 countries in Nokian Tyres' key markets.

The Vianor outlets sell tyres for passenger cars, delivery vehicles and lorries, as well as heavy tyres.

In addition to the Nokian-branded tyres, the chain sells other leading tyre brands and a variety of motoring products, such as rims, batteries, and shock absorbers. Apart from retail sales, Vianor conducts wholesale and fleet customer sales.

Vianor's services include tyre changes and mounting, as well as car servicing and tyre storage, depending on the location. Co-operation between Nokian Tyres' manufacturing and Vianor provides synergy benefits. Advanced data systems improve planning, monitoring, and reporting. Through Vianor outlets, Nokian Tyres can contact the end users and receive valuable information that can be used in the development of services.

The Vianor tyre retail chain spearheads the group's growth in Nokian Tyres' strategically important markets. As the leading tyre retail chain in its areas of operation, Vianor is building a basis for the permanent market share of the group's products. The Vianor concept offers several business-friendly

services for entrepreneurs in the Vianor network, including strong brands, training, and technical support. Vianor outlets receive support for marketing and sales promotion, and we can guarantee them quick deliveries especially during peak season.

Contact information:

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Pirkkalaistie 7
FI-37100 Nokia
Finland

Hakkapeliitta Way guides our operations

Responsibility is an essential part of our business. More than just words, this means sustainable product development, safe and eco-friendly products, high standards of quality in all areas of operation, and taking different interest groups into consideration. Responsibility is an important part of our management and action plans, and it is reflected in our everyday work and decision making.

Our values lead us to success

Our group employs over 4,000 professionals, who have their own joys and sorrows, dreams, and values.

Inventiveness

WILL TO SURVIVE

We have the skills needed to survive and excel, even in the most challenging circumstances. Our competence is based on creativity and inquisitiveness, and the nerve to question the status quo. We are driven by a will to learn, develop, and create something new.

Entrepreneurship

WILL TO WIN

We thirst for profit, and we are quick and brave. We set ambitious objectives and perform our work with persistence and perseverance. We are dynamic and punctual, and we always make customer satisfaction our first priority.

These are something that we all share: solid faith in our competence and skills, confidence in finding answers together, and respect for hands-on hard work. We never give up, and we will not leave our friends behind. This is what we call the Hakkapeliitta Spirit. It is something very tangible yet difficult to define, still natural, genuine, and real. Frighteningly simple. And impossible to imitate.

Together, we build our success responsibly in the Hakkapeliitta Spirit. The basic elements of the Hakkapeliitta Spirit are our values, which guide and support the implementation of our strategy.



Team spirit**WILL TO FIGHT**

We work in an atmosphere of genuine joy and action. We work as a team, relying on each other and supporting each other, offering constructive feedback when needed. We embrace differences, and we also encourage our team members to individually pursue winning performances.



Strategy of focus areas

Our company exists so that people would have the safest, highest-quality, and most eco-friendly tyres. We want to be the best in everything we do: a pioneer in making safe tyres for demanding conditions, a leader in key markets, the fastest-growing and most profitable tyre company in the world, and a work community with a unique company culture.

Our operations are guided by the group strategy, which acts as a basis for unit strategies, action plans, the measures that we implement, and our management work. By focusing on the following four areas, we can meet our goals and achieve great results.

Northern conditions

We are the only tyre manufacturer in the world focusing on customer needs and products specific to Northern conditions. We market our products in regions where snow, forests, and demanding driving conditions caused by changing seasons occur.

Narrow product segments

Our special expertise in Northern conditions creates added value for our customers. We utilise our special

competence in narrow product segments such as passenger car winter tyres and forestry tyres. Our other main products include light truck and SUV tyres, winter tyres for trucks as well as harbour and mining machinery tyres.

Replacement markets

All of our Nokian-branded passenger car tyres and approximately 60% of our heavy tyres are sold in replacement markets through special tyre outlets, car dealers, and other companies engaged in the tyre trade.

Efficient distribution

The Vianor chain is spearheading the growth of our company. Direct contact with the consumer gives us valuable information about the wishes and needs of end-users. Efficient distribution ensures successful season management as well as the management of possible risks. We want the users of our products and services to be the most satisfied customers in the world.

Our strategic objectives

- We offer our customers only the best. We know the end users of our tyres as well as their needs and wishes.
- We are the market leader in the Nordic countries. We have the highest customer loyalty and best services in the industry.

- We are market leaders in premium tyres in Russia and the CIS.
- We have a globally strong position in core products.
- We grow through a continuously improving product and service range. Profitable growth requires the constant increase of capacity.
- We grow our profits through high productivity and the best customer processes in the industry.

- Our personnel are skilled and inspired with entrepreneurial attitude. We reach our goals and results by working together.

We have summarised our values, strategy, and goals in this one figure that depicts how we, together, build our success responsibly and further improve our operations every day.



Responsibility through value-based management

Responsibility is a part of our company culture, strategy, and goals. In order to ensure the continuous improvement of responsibility management and our operations, we divided responsibility into five clear categories.

The basis for responsible operations comprises the principles that we implement throughout our business. These principles incorporate our voluntary responsibility commitments and our principles concerning ethical business operations.

In addition to responsibility management at the group level, our work on responsibility comprises four areas of operative management: World on Wheels, Economy, People, and Planet.

Transparency

As a public company, we follow the statutory requirements and the rules of the stock exchange on the publicity of information which is relevant to the company's business. In order to meet our interest groups' expectations, we follow the principle of transparency in line with the Global Reporting Initiative guidelines and aim at meeting all of the reasonable requirements that our interest groups have on responsibility.



Ethical business guidelines

We follow the board-approved [ethical guidelines](#) in our operations throughout the group. The document has been published in several languages, and it specifies the ethical guidelines for Nokian Tyres' business, instructions for ethical issues and a procedure for the group personnel. Furthermore, the document discusses the enforcement and supervision of the rules. While local and international documents may include additional instructions, the ethical guidelines establish a strong foundation and we expect all employees to abide by them. This ensures ethical business practices at all of the levels of our operations.

Responsibility throughout the purchasing chain

We follow the principles of the UN Global Compact as well as our own ethical guidelines, which also address the issues of responsibility in the purchasing chain. Furthermore, we require all of our suppliers to adhere to a Supplier Code of Conduct that both parties sign as well as to have an ISO 9001 certified quality system in place. We also prefer suppliers with valid ISO 14001 certification or, alternatively, auditing.

Compliance with legislation in the spirit of the law

We follow the law in letter and spirit in every country of operation.

Ethical employment contracts

We follow the local laws and regulations in every country of operation as well as good Western business practices and the local customs. In addition

to the law, our operation must follow the group's internal rules and guidelines. We respect the privacy of our personnel, and employment in our group is always based on clear and unambiguous employment contracts in accordance with the local legislation and any collective agreements.

World on wheels

Product safety is essential for our business. Extreme weather phenomena that are caused by climate change increase the importance of tyre safety and especially contribute to the increased use of winter tyres. As a leading manufacturer of winter tyres, we have a special responsibility for making winter traffic better and safer. We are an expert organisation that influences both traffic safety and the rubber industry.

Economy

We aim to develop our business in order to ensure steady shareholder value and predictable future developments as well as the employment and personal development opportunities for our employees. The salaries and taxes that we pay support the structures of society and improve the quality of life for thousands of people. Furthermore, we focus our production on core products with a good margin and invest in the continuous development of quality, productivity, and logistics. We must be able to produce high-quality products, provide excellent service, and ensure timely deliveries.

People

Our company develops and implements a company culture that promotes fair and equal treatment and respect. Everyone contributes to our profitable growth

and success regardless of his or her position. As an internationally expanding company, our impact on our surroundings is increasing and we continue to be a significant employer and developer of local infrastructure.

Environment

In line with the product life cycle approach, our company pays attention to environmental issues already when buying raw materials and designing our products. We work on ensuring the best possible safety, continuous improvement, and sustainable development and aim for zero accidents in all areas of safety. We actively follow the development of environmental and safety regulations in Finland, the European Union, and Russia for anticipating the impacts of the legislation that is being prepared.

[Learn more about the different areas of responsibility management and their relevant aspects!](#)

A good corporate citizen

As a global operator in a constantly changing environment, it is sometimes challenging to recognise problems, acquire the required information, and make the right decisions. However, we are committed to supporting good corporate citizenship, sustainable development, and continuous improvement. We want to take care of our interest groups, finances, and environment as well as to produce premium products and provide first rate service.

Materiality assessment at Nokian Tyres

Scope, changes, and measurement methods of the report

Last year, we published our first GRI report based on the GRI G3.1. reporting guidelines. In December 2013, our Responsibility Advisory Board decided on implementing the new GRI G4 reporting guidelines. We also transitioned to an online report as part of our website renewal. However, it is still possible to print out specific sections or the full PDF report.

Our Corporate Sustainability Report meets the CORE level requirements of the GRI G4 guidelines. Our new publishing platform and the GRI comparison table allow for easy navigation of the report and especially its General Standard Disclosures section.

As the indicators for our Group's environmental responsibility and social responsibility are compiled and calculated by the same methods as in our earlier reports, this year's results are comparable to our previous reports. Our reporting covers all the functions of Nokian Tyres plc, excluding the environmental responsibility indicators of Vianor outlets. The indicators for financial responsibility are based on our company's financial statement, which is prepared and presented according to the IFRS standards. The indicators for environmental responsibility are divided between our locations in Nokia and Vsevolozhsk. The EMAS reporting that was previously employed in Nokia has generated the current systems for calculation and data collection.

Reporting period and publication frequency

Based on the online report site, a PDF report on the events of the 2013 fiscal period of Nokian Tyres plc is

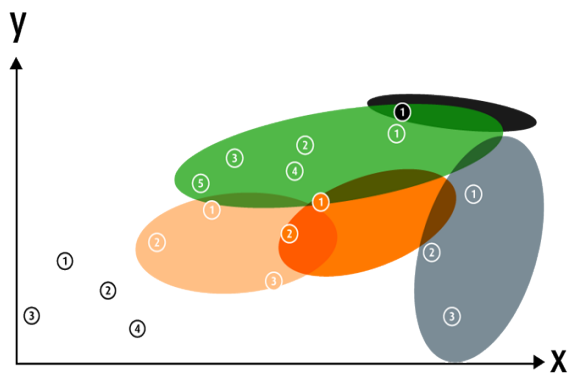
available in the ['Certificates, reports and awards'](#) section. The report is part of the Corporate Sustainability site, which will be updated throughout the year. We publish our Corporate Sustainability Report annually on our website.

Work on materiality

The new reporting model requires analysing the aspects that are material in terms of responsibility in the company operations. We began our assessment of materiality in 2011, when we determined that we are continuously reviewing and improving our definition of the material aspects of responsibility. We revised the material aspects of responsibility in 2012, and at the end of 2013 the Responsibility Advisory Board adjusted the assessment of materiality according to the current situation. We identified 18 special GRI G4 Topics for the company, which the Advisory Board prioritised by utilising the results of our work with interest groups.

Focusing on the important: prioritisation of the material aspects

The prioritisation of special topics enables us to develop our business, define the focus areas for Corporate Sustainability Reporting, and improve our communication on responsibility to interest groups. The identified special GRI G4 Topics are presented in the table below. The horizontal axis describes the relevance to interest groups and the vertical axis describes the significance to Nokian Tyres. Different interest groups may have diverse and conflicting requests and demands and, likewise, their expectations for the company operations may vary. The table separates the expectations of the interest groups from those of the company instead of looking for synergies. This avoids prioritising topics that are only important for one party.



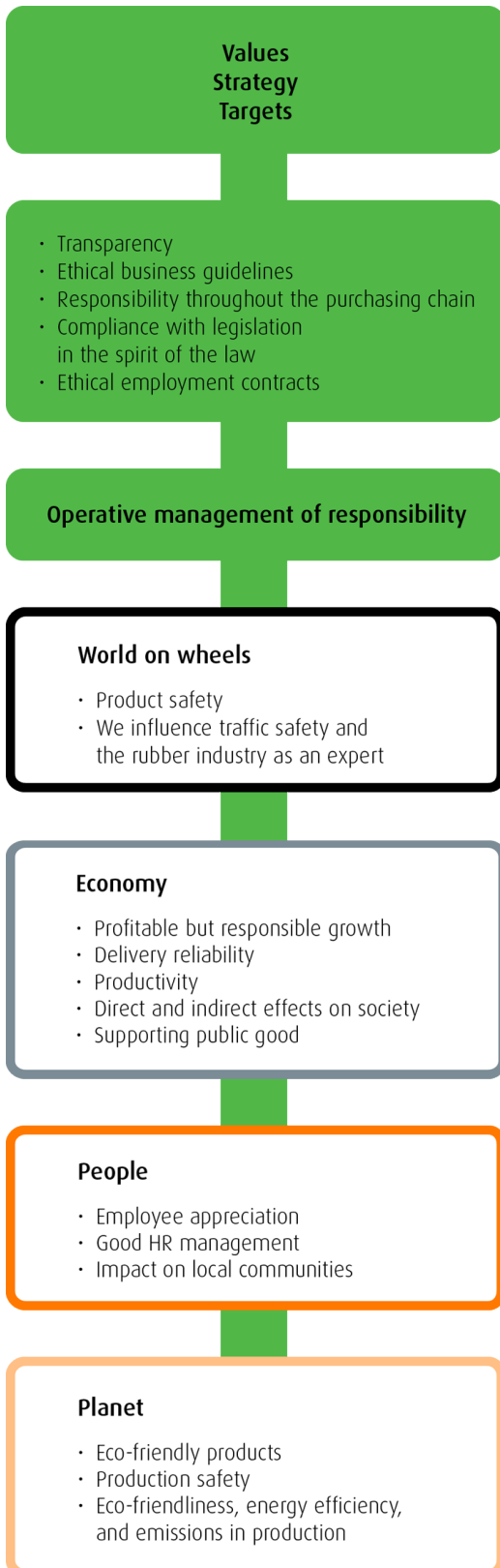
y = Stakeholder group
x = Company

- | | |
|--|--|
| 1 Product safety | 1 Transparency |
| 1 Profitable but responsible growth | 2 Ethical business guidelines |
| 2 Delivery reliability | 3 Compliance with legislation in the spirit of the law |
| 3 Productivity | 4 Responsibility throughout the purchasing chain |
| 1 Eco-friendly products | 5 Ethical employment contracts |
| 2 Eco-friendliness, energy efficiency, and emissions in production | 1 Ethical employment contracts |
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| 2 Good HR management | 4 Direct and indirect effects on society |

Responsibility through value-based management

In order to ensure the continuous improvement of responsibility management and our operations, we divided the special responsibility topics into five categories. These five categories comprise the themes of responsibility for our company.

- **Hakkapeliitta Way** is the theme for principles of responsibility that are seen throughout our operations. It is connected to our company's strategic goals and vision.
- **World on Wheels** comprises our work on product safety and quality as well as our impact on traffic safety and the future of the rubber industry via expert organisations.
- **Finance** focuses on the financial impacts of our operations.
- **People** form the community around us: our employees and subcontractors around the world.
- **Planet** describes our environmental footprint.



HAKKAPELIITTA WAY

Transparency

As a public company, Nokian Tyres is bound by the statutory requirements and the rules of the stock exchange on the publicity of information which is relevant to the company's business. In order to meet our interest groups' expectations on responsibility, we follow the 'transparency imperative' concept of the Global Reporting Initiative guidelines. Based on this concept, we aim at meeting all of the reasonable requirements that our interest groups have on responsibility. In this respect, Nokian Tyres' communication on responsibility exceeds the minimum communication requirements for public companies.

Ethical business guidelines

The board-approved ethical guidelines guide the operations throughout the Nokian Tyres group. The document has been published in several languages, and it specifies the ethical guidelines for Nokian Tyres' business, instructions for ethical issues and a procedure for the group personnel. Furthermore, the document discusses the enforcement and supervision of the rules. While local and international documents may include additional instructions, the ethical guidelines establish a strong foundation and we expect all employees to abide by them. This ensures ethical business practices at all of the levels of our operations.

Responsibility throughout the purchasing chain

We follow the principles of the UN Global Compact as well as our own ethical guidelines, which also address the issues of responsibility in the purchasing chain. Furthermore, we require all of our suppliers to adhere to a Supplier Code of Conduct that both parties sign as well as to have an ISO 9001 certified quality system in place. We also prefer suppliers with valid ISO 14001 certification or, alternatively, auditing. The basic raw material for tyres is crude rubber. As an agricultural product, it is the livelihood of many families living in countries where the local legislation

and working conditions have not been fully developed. Our purchasing policy oversees the local crude rubber processors and wholesale dealers. We track the implementation of our purchasing policy by auditing and by co-operating with local parties. The Supplier Code of Conduct was implemented also at Vianor in 2013. Our aim is to sign the document with all of our international suppliers and Vianor's importers.

Compliance with legislation in the spirit of the law

We follow the law in letter and spirit in every country of operation. Our ethical guidelines provide every employee with instructions in case they see something in our operation that may conflict with the applicable legislation.

Ethical employment contracts

We follow the local laws and regulations in every country of operation as well as good Western business practices and the local customs. In addition to the law, our operation must follow the group's internal rules and guidelines. We respect the privacy of our personnel, and we handle personal information according to this principle. Employment in Nokian Tyres is always based on clear and unambiguous employment contracts in accordance with the local legislation and any collective agreements. Nokian Tyres' salaries are always equal to or above the statutory local minimum wage. We respect our employees' right to organise and we co-operate with the appointed representatives of trade unions.

WORLD ON WHEELS

Product safety

Product safety is the most important area of responsibility with regard to our company as well as our customers and end users. We develop safety through continuous product development and testing. Extreme weather phenomena that are caused by

climate change increase the importance of tyre safety and especially contribute to the increased use of winter tyres. As a leading manufacturer of winter tyres, we have a special responsibility for making winter traffic better and safer.

We influence traffic safety and the rubber industry as an expert

We are a member of various industrial and employer organisations. Our participation in such organisations depends on the current topics and our opportunities to offer our expertise. Nokian Tyres is also a member of various communities and organisations that participate in the development of the legislation and political decision-making. Nokian Tyres is not involved in political activities, fundraising, or political contributions as per our ethical guidelines.

FINANCE

Profitable but responsible growth

We aim to develop our business in order to ensure steady shareholder value and predictable future developments as well as the employment and personal development opportunities for our employees.

Delivery reliability

By delivery reliability, we mean that the right products are delivered according to contract in terms of the product quality, method of transport, delivery location, delivery time, and price. Delivery reliability is one of the prerequisites for Nokian Tyres' success. The consumer sales of winter tyres are highly focused on seasons and that requires tyre manufacturers to employ flexible and rapid logistics.

Productivity

In industrial operations, the positive development of productivity is a prerequisite for a company's success. In tyre manufacture, capacity utilisation is crucial in

terms of productivity: the higher the capacity utilisation, the better the productivity. Automation of machinery and process improvements also contribute to productivity. Our indicator for measuring production efficiency is kg/man-hour.

Furthermore, we focus our production on core products with a good margin and invest in the continuous development of quality, productivity, and logistics. Profitable growth requires that we continuously expand our capacity, and we invest in new production capacity according to our growth targets and the development of the market. Productivity increases support profitability, which benefits our interest groups as higher salaries or dividends.

Direct and indirect effects on society

We employ more than 4,000 people around the world, and our tyre factories are significant employers. The salaries and taxes that we pay support the structures of society and improve the quality of life for thousands of people.

Supporting public good

Open communication and collaboration with surrounding communities is a cornerstone of our operation. In addition to improving traffic safety in our areas of operation through various organisations, we support non-profits and charities with minor contributions.

PEOPLE

Employee appreciation

Our company develops and implements a company culture that promotes fair and equal treatment and respect. Everyone contributes to our profitable growth and success regardless of his or her position. All of our employees can contribute to further developing their own work and the working environment.

Good HR management

For us, personnel well-being comprises physical and mental well-being as well as cognitive and social well-being. Work that focuses on inventiveness is one way to support leadership and the active participation of our personnel in line with our company culture. We develop competence in a strategic and proactive manner that addresses future needs.

Impact on local communities

As an internationally expanding company, our impact on our surroundings is increasing and we continue to be a significant employer and developer of local infrastructure. We support the development of local communities and the improvement of working conditions at the start of our value chain, when possible.

PLANET

Eco-friendly products

In line with the product life cycle approach, our company pays attention to environmental issues already when buying raw materials and designing our products. In the life cycle of tyres, 75.2% of the environmental impact is generated during use (fuel emissions). Product development aims at reducing the tyre's rolling resistance, which contributes to fuel economy. We also work continuously on reducing tyre noise.

Production safety

We work on ensuring the best possible safety, continuous improvement, and sustainable development and aim for zero accidents in all areas of safety. The Nokian Tyres' activity management system is based on the ISO 9001:2008, ISO 14001:2004, OHSAS 18001, and ISO 17025 standards as well as the regulations by the authorities. Compliance with these standards and requirements is ensured by regular internal auditing.

Eco-friendliness, energy efficiency, and emissions in production

We see the regulations established by the authorities as minimum requirements. Therefore, we actively follow the development of environmental and safety regulations in Finland, the European Union, and Russia for anticipating the impacts of the legislation that is being prepared.

Impact on the value chain

GRI G4 reporting model requires the company to evaluate its responsibility footprint throughout the value chain of its business. The new definition of responsibility interfaces (Aspect Boundary) sets challenges for the direct measurement of impacts but provides a better view of the responsibility impacts of the business. In the following diagram, we have combined our special responsibility topics with our value chain. [Here](#), you can view our value chain closer.

From special topics to the relevant aspects

The GRI G4 guidelines list the relevant Aspects for determining the necessary Disclosures of Management Approach (DMA) and reporting indicators. In the table, the special topics that concern our company have been adapted to the relevant aspects in the reporting guidelines. The different Aspects are grouped under five themes according to Nokian Tyres' value-based responsibility model, and the themes are related to Disclosures of Management Approach. The indicators that represent each Aspect are presented in the table in the GRI G4 format: click the different sections in the table to find the respective piece of information in the report.

TOPICS	ASPECTS	DMA	Indicator	Content	WHERE TO FIND?
HAKKAPELIITTA WAY					
Ethical business guidelines			G4-DMA	Disclosure of the Management approach	Hakkapeliitta Way
Responsibility throughout the purchasing chain			G4-56	Organization's values, principles and standards	Hakkapeliitta Way
Compliance with legislation in the spirit of the law					
Ethical employment contracts					
Transparency					
WORLD ON WHEELS					
Product safety	Customer health and safety		G4-DMA	Disclosure of the Management approach	World on wheels

We influence traffic safety and the rubber industry as an expert			G4-PR1	Product and service categories for which health and safety impacts are assessed for improvement	Product safety and quality
ECONOMY		DMA			
Profitable but responsible growth	Economic performance		G4-DMA	Disclosure of the Management approach	Finance
Productivity	Indirect Economic impacts		G4-EC1	Produced and distributed direct financial added value	Profitable but sustainable growth
Delivery reliability	Market presence		G4-EC8	Key indirect financial impacts and their scope	Effects on society
Direct and indirect effects on society					
Supporting public good					
PEOPLE		DMA			
Employee appreciation	Employment		G4-DMA	Disclosure of the Management approach	People
Good HR management	Diversity and equal opportunity		G4-LA6	Number of accidents and occupational diseases, lost working days and absences	Good HR management
Impact on local communities	Equal remuneration for women and men		G4-LA10	Personnel expertise development programmes and learning action programmes	Good HR management
	Occupational health and safety		G4-LA11	Development discussions	Good HR management
	Training and education		G4-LA12	Composition of governance bodies	Good HR management
	Investment		G4-HR1	Human rights clauses or screening in investment agreements and contracts	Hakkapeliitta Way
	Local communities		G4-S01	Operations with implemented local community engagement and development programs	Important to us

	Anti-corruption Public policy Compliance Freedom of association and collective bargaining Non-discrimination Security practises Child labor	G4-S06	Political contributions	Impact on local communities Important to us
PLANET		DMA		
Production safety	Materials	G4-DMA	Disclosure of the Management approach	EHSQ Policy
Eco-friendliness, energy efficiency and emissions in production	Energy	G4-EN1	Materials used by weight or volume	Environmental impact of tyre plants
Eco-friendly products	Emissions	G4-EN3	Energy consumption within the organization	Environmental impact of tyre plants
	Effluents and waste	G4-EN8	Total withdrawal by source	Environmental impact of tyre plants
	Compliance	G4-EN15	Direct greenhouse gas emissions	Environmental impact of tyre plants
		G4-EN16	Indirect greenhouse gas emissions	Environmental impact of tyre plants
		G4-EN21	Nitrogen and sulphur dioxide emissions and other significant emissions	Environmental impact of tyre plants

			G4-EN22	Total water discharge by quality and destination	Environmental impact of tyre plants
			G4-EN23	Total weight of waste by type and disposal method	Environmental impact of tyre plants
			G4-EN27	Measures to reduce the environmental impact of products and services	Your tyre selection matters – the environmental effects of tyres
			G4-EN29	Monetary value of fines for non-compliance with environmental laws and regulations	Environmental impact of tyre plants
			G4-EN31	Total environmental protection expenditures and investments by type	Environmental impact of tyre plants

Commitment to external CSR initiatives and organisations

In December 2012, Nokian Tyres was included in the OMX GES Sustainability Finland Index, which offers objective and reliable information for making responsible investments. The index comprises the 40 leading companies listed on NASDAQ OMX Helsinki in terms of sustainability, and the index criteria are based on the international guidelines for environmental, social, and governance (ESG) issues.

We participate in various industrial and personnel organisations whose purpose is developing work throughout the industry. Our activity in their work depends on the topics that they address and our opportunities to offer our expertise. For us, the most important organisations are the following:

- Chemical Industry Federation of Finland
- Rubber Manufacturers’ Association of Finland
- National automotive and tyre industry associations in several countries

- ETRMA/European Tyre and Rubber Manufacturers’ Association
- ETRTO/European Tyre and Rim Technical Organisation
- STRO/Scandinavian Tire and Rim Organization
- Registered Association Finnish-Russian Chamber of Commerce
- International Chamber of Commerce
- Russian Tyre Manufacturers Association
- AEB (Association of European Businesses)
- AmCham (American Chamber of Commerce in Russia)
- Tampere Business Campus
- Corporate Responsibility Network FIBS.

Sponsorship and support for communities

In addition to trade associations, Nokian Tyres supports various non-profits and charities. We also offer expert services for communities free of charge.

In Finland for example, we provide the police with technical support in investigations of accidents that may have been caused due to the poor condition of tyres and we produce training materials on occupational safety for the rubber and tyre industry together with the Centre for Occupational Safety.

From the rainforests onto the riding arenas:

Nokian Tyres' value chain

A tyre is a genuinely global product. Its journey begins deep in the rainforests of Indonesia and Malaysia, and at the manufacturers of industrial components from everywhere in the world. The different parts are then assembled by the tyre manufacturers which send their products back out into the world. During the last stage of its life, a tyre may be recycled for use as foundation for riding arenas, where it provides a flexible ground for the horses to run on.

The new definition of responsibility interfaces (Aspect Boundary) sets challenges for the direct measurement of impacts but provides a better view of the responsibility impacts of the business. In the following diagram, we have combined our special responsibility topics with our value chain. We have defined our value chain as follows.

1. Rubber production

Natural rubber forms one fourth of a tyre’s raw materials. As an agricultural product, it differs from the other materials by its means of production. Most of the natural rubber that we use originates from Malaysia and Indonesia. The production of natural rubber is forestry, and the farms are often very small. Over 85 per cent of the world’s natural rubber originates from small farms that are less than two hectares in size; their daily output may be two kilograms of crude rubber. Some of the crude rubber that Nokian Tyres purchases from traders has been produced by larger companies on their plantations.

2. Wholesalers

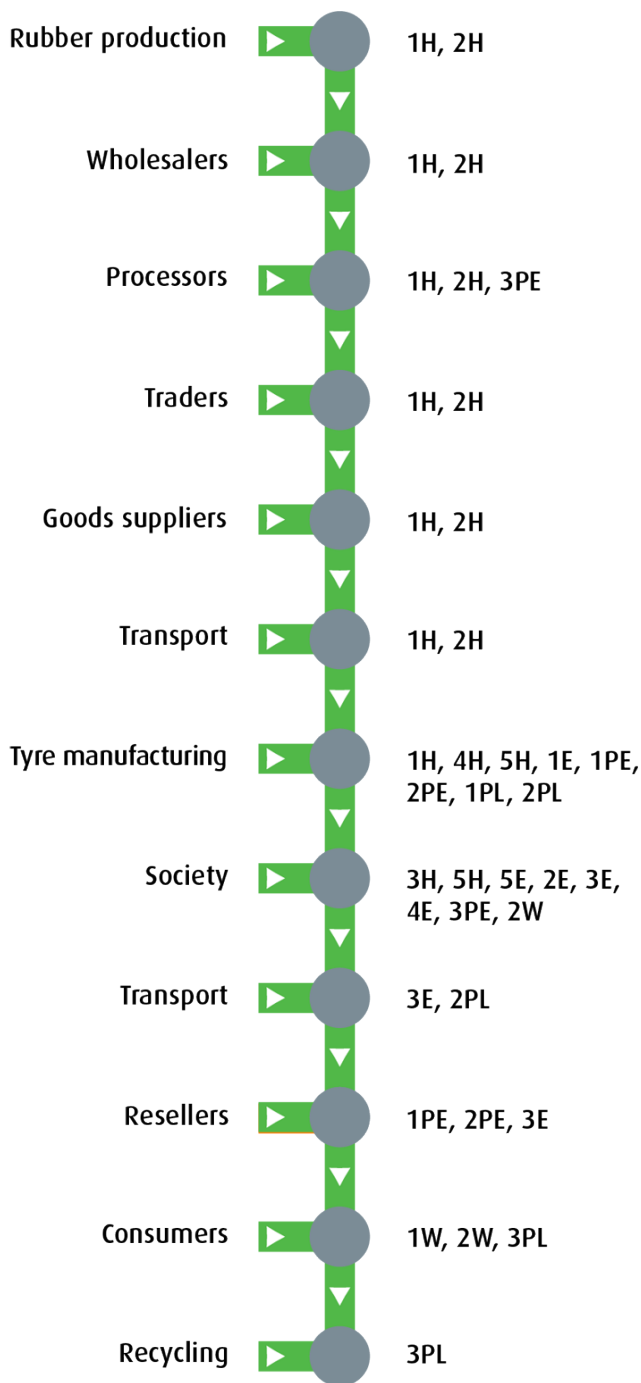
Local wholesalers purchase the crude rubber from the family farms. Rubber production is an everyday process: the wholesalers travel from farm to farm and buy their harvest each day. You can try to put these small streams into perspective by comparing them to the crude rubber production in Indonesia in 2011, which amounted to over three million tonnes*. The wholesalers sell the crude rubber to the processors. (*source: Food and Agriculture Organization of the United Nations)

3. Processors

The processors wash the incoming raw materials, after which they refine and package the rubber for further use.

4. Traders

From the processors, the rubber passes into the international market via traders that Nokian Tyres also uses to purchase rubber. The price of rubber is determined by the raw materials market in Singapore and other locations. Nowadays, even the family farms are using their mobile phones to check the daily market value.



Supervision of crude rubber production and ethical principles

We supervise the activities of our own raw material suppliers by using audits and a purchase code that the suppliers must commit to. We have defined the purchase terms from the processors onwards, and for a few of our long-term plantation farmers. The large number of wholesalers and family farms prevents us from setting terms for their operations. Furthermore, the crude rubber from different farms is already mixed by the wholesalers, which makes tracing its origin practically impossible before the processing stage.

We also help the processors further develop their activities. Practical examples of this are the new roofs of the processing plants. In many places, roofs are made of zinc plates that get hot in the tropical weather conditions. By replacing the zinc plates with aluminium, it has been possible to significantly lower the inside temperature of the processing plant and improve the working conditions.

5. Goods suppliers

For industrial raw materials, we apply the same rules as for natural rubber. Selecting the suppliers is the first step. The industrial raw materials for tyres come from everywhere in the world, and all of our suppliers are committed to our purchase terms.

6. Transport

Most of the raw materials for tyres are transported as sea freight to the large ports in Europe, Hamburg and Rotterdam, from where they are shipped to Finland and Russia. Both of our factories use similar raw materials from the same sources, which allows us to ensure the quality of our tyres regardless of the site of manufacture: the tyres are marketed everywhere

in the world and, therefore, it is only by using similar raw materials and methods of manufacture that we can ensure that the consumer can experience the same level of quality anywhere in the world.

7. Tyre manufacturing

We manufacture tyres at two locations, in Nokia, Finland and Vsevolozhsk, Russia. Each day, our

HAKKAPELIITTA WAY

- 1H Ethical business guidelines
- 2H Responsibility throughout the purchasing chain
- 3H Compliance with legislation in the spirit of the law
- 4H Ethical employment contracts
- 5H Transparency

WORLD ON WHEELS

- 1W Product safety
- 2W We influence traffic safety and the rubber industry as an expert

ECONOMY

- 1E Profitable but responsible growth
- 2E Productivity
- 3E Delivery reliability
- 4E Direct and indirect effects on society
- 5E Supporting public good

PEOPLE

- 1PE Employee appreciation
- 2PE Good HR management
- 3PE Impact on local communities

PLANET

- 1PL Production safety
- 2PL Eco-friendliness, energy efficiency, and emissions in production
- 3PL Eco-friendly products

employees, who number more than 4,000, share their expertise and ideas in the interests of continuous improvement. The Hakkapeliitta Way is our way of working, and it can be seen in how we do our jobs.

8. Society

Our effect on the surrounding society is most visible at our factory locations in Nokia and Vsevolozhsk. We are a large local employer, and we operate as a stable part of our surrounding communities: We offer tyre industry training in Nokia, and in Vsevolozhsk, the Hakkapeliitta Village is a concrete example of the effect that we are having. The cash flow diagram in the report visualises the financial effects of Nokian Tyres. The purchases, salaries, taxes, and dividends paid to our owners contribute to well-being all over the world.

9. Transport

The expansion of the Vianor retail chain and the requirements of the car dealer business have brought about changes concerning the logistics chain for our tyres as well as our consumer insight. Previously, we delivered tyres to large wholesalers, but nowadays, distribution is increasingly divided into smaller product lots and smaller warehouses. Logistics planning becomes even more important as the need for individual transport increases.

10. Resellers

The Vianor chain of tyre retailers that we own and operate is the largest and most comprehensive business in its field in the Nordic countries, Russia, and the CIS. At the end of 2013, it included 1,206 sales outlets, of which 183 were owned by Nokian Tyres, while the rest operated on a partner or franchising principle. The Vianor chain has expanded to 27 different countries in Nokian Tyres' main markets. Vianor is building the foundation for the permanent market share of the group's products and it spearheads its growth; in these tasks, it is assisted by the new partner

network Nokian Authorized Dealers (NAD) that had 432 outlets in Italy, Germany, Ukraine, Bulgaria, and China at the end of 2013. Our tyres are also sold by car and tyre dealerships all over the world.

11. Consumers

Consumers, the users of our tyres, are the most important link in our value chain. The top quality and unique innovations of our test-winning products are intended to ensure trouble-free travel and arrival for the consumers, regardless of weather. Over 85% of a tyre's environmental effects are generated during its use, which means that consumers are the benchmark for our product development efforts that are aimed at improving the safety and eco-friendliness of the tyre.

12. Recycling

Most tyres are recycled as materials, i.e. they are crushed and ground and then used to replace rock in different road construction and landscaping projects. Ground tyres form a light material that seals off moisture and maintains its physical shape; it works well in supporting road foundations and reducing asphalt noise. The flexible properties of rubber can give it a new life as foundation for sports arenas, where it puts more spring in the steps of horses.

Retreading a tyre is one of the best forms of recycling. A tyre with an intact body can be retreaded, and for bus and truck tyres, the process can be repeated up to 2–4 times. Tyres can also be incinerated in order to produce energy, since the thermal value of tyres is nearly equivalent to oil. New recycling methods and means of utilisation are constantly being sought.

[Read more about Finnish Tyre Recycling Ltd](#)

Stakeholder work

The stakeholder analysis carried out in 2012 defined the most important groups in terms of Nokian Tyres' corporate responsibility. These groups are: customers, product end users, local organizations, NGOs, co-operation partners, the company's employees, suppliers, shareholders, investors and officials.

In terms of social responsibility, the constantly developing civil society and the possibilities for immediate feedback and public debate created by social media have made stakeholder work increasingly important. Stakeholder work is part of Nokian Tyres' business, and it is steered by the company's internal stakeholder guidelines and by the company's ethical guidelines. Every Profit centre's Vice President, the company's Marketing & Communications department and ultimately the

President & CEO are all responsible for leading the stakeholder work. Nokian Tyres complies with the principle of openness and the regulations set for listed companies in its stakeholder operations. Nokian Tyres strives to fulfil all of its stakeholders' expectations, particularly in matters related to corporate responsibility, despite the fact that between different stakeholder groups there may be conflicting expectations of the company's operations, especially when it comes to social responsibility. The company continuously develops its stakeholder operations: the adjoining chart lists Nokian Tyres' stakeholders, the expectations stakeholders have of the company, and the actions the company has taken to fulfil stakeholders' expectations in 2013.

Stakeholder (in alphabetical order)	Expectations	Nokian Tyres' actions
Authorities	Compliance with laws and regulations Dialogue & expertise Reporting Transparency	Comply with laws and regulations We report and communicate actively, regularly and openly Support in decision making
Customers	Deliveries on time and good service Good brand image Good Corporate responsibility management Long-term customer relationship	We develop new top products and give personal service Open communication and test wins We offer a good price/quality ratio Same contact persons and good service

<p>End users</p>	<p>Value for money</p> <p>Product quality, guarantees and liabilities</p> <p>Driving safety</p> <p>Energy efficiency and conservation tips</p> <p>Environmentally-friendly products</p> <p>Recycling of used products</p> <p>Environmental manufacturing process</p> <p>Participation in social programs (for example charity)</p> <p>Ethical business processes</p> <p>Availability of reliable information and dialogue</p>	<p>We develop new top products. Wide product range</p> <p>We offer a good price/quality ratio</p> <p>To reach test wins regularly</p> <p>New services and programs like Hakkapedia</p> <p>Hakka Guarantee and Hakkapeliitta Test Drivers</p>
<p>Media</p>	<p>Open and active dialogue telling everyday actions but looking also in to the future</p> <p>Nokian Tyres as business leader and commentator</p> <p>Tyre professional – seasonal tips, releases, articles, consultation (how to drive safely etc.)</p> <p>Transparent and global processes: raw materials, personnel, manufacturing, testing, logistics, recycling</p> <p>Product safety</p> <p>Environmentally-friendly products and factories</p> <p>Ethical business processes</p>	<p>Our communication is open and active</p> <p>Availability</p> <p>Tips from Nokian Tyres' tyre professionals</p>

Neighbors and local communities	<p>Dialogue and collaboration</p> <p>Elimination of noise, smell and emissions</p> <p>Plant safety</p> <p>Safeguarding local environment and biodiversity</p> <p>Transparent communications</p> <p>Cooperation and donations to schools and universities</p>	<p>Good employer and neighbor</p> <p>We communicate actively and openly</p> <p>We support activities of local communities</p> <p>We manage our risk and operate in line with our Code of Conduct</p>
Non-governmental organizations	<p>Open interaction and dialogue</p> <p>Operational responsibility</p> <p>Collaboration projects</p> <p>Reliable and transparent reporting</p>	<p>Communicate actively and openly</p> <p>Corporate Responsibility matters are online at web pages</p>
Outsourcing partners	<p>Long-term relationship</p> <p>Responsibility</p> <p>Liquidity</p> <p>Good brand image and products</p>	<p>We offer long relationships and good cooperation partnership</p> <p>We operate responsibly and reliably</p>

Personnel	<p>Equal treatment</p> <p>Training and career opportunities</p> <p>Good working atmosphere</p> <p>Rewarding and benefits</p> <p>Sustainability of employment</p>	<p>We promote the well-being of our employees through safe working conditions and motivating atmosphere</p> <p>We engage personnel in operational planning</p> <p>We develop personal competence</p> <p>We offer performance-based remuneration</p> <p>We respect the culture and values of individuals and groups, and we support equality</p> <p>We develop leadership quality regularly</p>
Public at large	<p>Activities for the good of the society</p> <p>Openness</p> <p>Good corporate citizen</p>	<p>We communicate actively and openly</p> <p>New services and programs like Hakkapedia,</p> <p>Hakka Guarantee and Hakkapeliitta Test Drivers</p>
Services and goods suppliers	<p>Liquidity</p> <p>Long-term customer relationship</p> <p>Responsibility</p> <p>Predictability and sustainability of business</p> <p>Reference value</p>	<p>We operate responsibly and reliably</p> <p>Same contact persons and good service</p>

Shareholders, investors and financial institutions	<p>Good return on investment</p> <p>Risk management</p> <p>Effective Management</p> <p>Responsible operations</p> <p>Good corporate citizenship</p> <p>Transparency in Corporate responsibility and investor information</p> <p>Ethical business processes</p> <p>Profitability and growth</p>	<p>Dividend at least 35% of the year's net profit</p> <p>We compensate investors as agreed</p> <p>We manage our risk and operate in line with our Code of Conduct</p> <p>We operate responsibly and reliably</p>
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World on wheels

Our product policy in a nutshell

Our mission is to develop and manufacture the safest, highest-quality, and most eco-friendly tyres in the world. Our development efforts are guided by the principle of sustainable safety: the safe characteristics of a tyre need to remain virtually unchanged throughout the lifecycle of the product. We renew regularly our comprehensive product range that we carefully tailor to different markets and test our products in authentic environments in order to ensure their safety and reliability under diverse and demanding conditions.

Sustainable safety

For more than 80 years, our solid experience in product development and unprejudiced attitude have resulted in patented solutions that improve safety and driving comfort in the demanding Northern conditions.

Sustainable safety and premium quality with the environment in mind

Our company invests in the latest technology and materials. This is demonstrated by the rapid renewal of our comprehensive product range that we tailor carefully for different markets, and new products comprise at least a quarter of our annual turnover.

The basic principle of our product development has remained the same for more than 80 years: our tyres are designed for the Northern conditions and for consumers who demand safety, durability, and comfort in all conditions. Our development efforts are guided by the principle of sustainable safety: the safe characteristics of a tyre need to remain virtually unchanged throughout the lifecycle of the product.

In 2013, the so-called 'Nordic' winter tyres with a good grip on ice comprised 56% of our entire winter tyre range. The proportion of tyres with ultra-low rolling resistance that reduce fuel consumption was 64%. Of our summer tyre products, 87% were in the very high wet grip category. Our premium tyres with low rolling resistance and high wet grip are in the categories A, B, and C according to the EU classification.

We build our products around green choices

Our principle of sustainable safety in product development incorporates our promise of developing eco-friendly products and production technologies. In the tyre industry, our company has pioneered the development of products that use eco-friendly raw materials.

Starting at the beginning of 2010, the use of high-aromatic oils in tyre production is prohibited by an EU directive. We completely stopped using harmful high-aromatic oils in our production at the end of 2004, and we are not using any toxic or carcinogenic raw materials. We set an example that sped up the use of purified low-aromatic oils in tyre production in Europe. We are perhaps the only tyre manufacturer in the world that does not use any toxic substances in its own production.

In addition to low-aromatic mineral oils, we only use plant-based oils in our products. Rapeseed oil is a renewable raw material that we add to rubber compounds for improving the tear strength of winter tyres as well as grip on snow and ice. In summer tyres, we use pine tree oil for improving wear resistance. Rubber compounds may contain up to 20% of oils.

In addition to the rubber compounds, we use steel and textiles in tyre production as reinforcing materials. The rubber compounds contain filler substances for natural rubber, synthetic rubber, and oils, such as carbon black and silica as well as sulphur and various chemicals.

In our production, we never use raw materials that our laboratory has not approved. When we receive a raw material batch, we take a sample for a laboratory analysis, and we only use the batch in the production of rubber compounds after it has been approved by our laboratory.

In accordance with our purchasing policy, we purchase our raw materials from internationally reliable suppliers, and our product procurement process includes determining the suppliers' commitment to environmental issues.

We recycle the packaging of all raw materials that we receive and, for example, we return some of the pallets to the suppliers for reuse.

Lower rolling resistance is good for the environment

The most significant environmental impacts during the use of a tyre are caused by the vehicle's fuel consumption. Lower fuel consumption reduces the amount of greenhouse gases released into the air. Tyres with low rolling resistance may save up to 0.5 litres of fuel per 100 kilometres and reduce CO₂ emissions by 12 g/km.

One factor that affects the rolling resistance is the weight of the tyre. Lower tyre weight also reduces raw material and process energy consumption. Through determined, long-term product development, we have managed to further reduce the rolling resistance of our new products and create tyres that roll lighter than ever before.

Currently, passenger car winter tyres have lower average rolling resistance than summer tyres. We have achieved this by improving the tread patterns and surface rubber compounds. We continue our efforts on further reducing the rolling resistance of our tyres.

Quieter tyres improve traffic safety

While rolling noise reduction improves overall comfort, it also affects the driver's alertness and thus traffic safety.

We work continuously on reducing tyre noise, and one of our goals in product development is designing quieter tyres. The surface patterns of our products feature several inventions that reduce noise, including the placement of tread blocks, protrusions in longitudinal grooves, and noise cavities.

Natural materials and eco-friendly products that reduce fuel consumption, harmful emissions, and rolling noise will also pave the way for us in the future.

[Read more about the environmental impacts of tyres and how your tyre choice can affect the environment!](#)

Relentless testing

Our products' wear resistance is based on careful structural development and testing. Product testing conducted in authentic environments and thoroughly understanding the winter and product characteristics come naturally to us. Our Ivalo Testing Center focuses on demanding winter testing from October to May. High-quality equipment, diverse tests, and competent product development teams and test drivers ensure that all of the extreme conditions of winter driving are explored in Ivalo.

At our test centre in Nokia, we test tyres from spring until late autumn. It provides unique conditions for slush-planing tests, for example, which we were the first in the world to introduce in 1996.

In order to obtain sufficient test results, we also test our tyres on international tracks. Additionally, our tyres are tested indoors using testing equipment that measures structural strength and high-speed endurance. We use repetitive tests for monitoring the

flawlessness of the tyres and for ensuring the high quality and technical reliability of our products. In order to ensure comprehensive knowledge, we engage in testing co-operation with many of our customers in all product groups and we welcome customer observations. The development process of an entirely new passenger car tyre takes 2 to 4 years.

Climate change introduces new requirements for winter tyres, which must ensure safe grip on snow and ice as well as on slush and wet roads. We take the challenges imposed by climate change into consideration in our design and testing operations.

Our group has not had any major product recalls in more than 15 years, which demonstrates our careful product testing, thorough quality control, and high-quality raw materials. Furthermore, our company has not been involved in any legal proceedings regarding product liability.

The Hakka Guarantee ensures that unexpected tyre damage does not end your trip

As a responsible company, we pay special care to the conditions for which we develop our products. For example, our durable Nokian Hakka summer tyres provide optimal grip on the rough Northern roads in a range of temperatures from early spring until late autumn. We originally developed the unique Hakka Guarantee programme for the Nokian Hakka summer tyres and later on we also extended it to the Nokian Hakkapeliitta winter tyres. The programme provides more peace of mind for the Northern roads year-round.

The Hakka Guarantee is our way of supporting our customers' investment in safer driving. If a tyre becomes accidentally damaged beyond repair on the road, we will replace it with a corresponding new product free of charge at a Nokian tyre retailer, for example in Finland, Sweden, Norway, or Russia. The Hakka Guarantee includes a roadside assistance

service which ensures that the customer will reach his or her destination even on the worst possible day. The Hakka Guarantee is valid for up to one year from the date of purchase or to a groove depth of 4 millimetres.

Tyre labelling system for supporting purchase decisions

We actively follow the development of environmental and safety regulations in Finland, the European Union, and Russia for anticipating the effects that pending legislation will have on our operations.

An EU tyre labelling system took effect in November 2012, and it follows the same principle as the energy labelling system for household appliances. The tyre classes are A, B, C, D, E, F, and G. The green class A is the highest, or best, and the red class G is the lowest or weakest class. The labelling provides information on how the tyre affects fuel efficiency and how it functions on wet roads. Furthermore, the external rolling noise of the tyre is presented in decibels. In practice, moving from one class to another means reducing the fuel consumption of an average passenger car by 2 to 3 per cent.

The tyre labelling system does not take into account the actual winter conditions that are typical in the Nordic countries. The labelling applies to non-studded winter tyres but not to studded tyres. The only safety-related piece of information provided by the labelling system concerns the wet grip of the tyre.

Emphasising wet grip is well suited to the road conditions in Central Europe, but the most important safety characteristics in the demanding and varying Nordic winter conditions are grip on ice and snow. In this respect, the tyre labelling system may be misleading and endanger traffic safety. Although the new labelling system makes it easier to compare different tyre models, it is best to support the

decision by consulting professional tyre dealers, independent tests in magazines, and tyre manufacturers. The most important aspect in terms of consumer safety is to buy the correct tyres for the given driving conditions.

[Read more about EU labelling system](#)

New eco-friendly tyres

A good tyre is much more than just a hunk of rubber. It is a product of high technology that is produced with precision as the result of careful development work and comprehensive testing. The production of a reliable tyre involves chemical and technical competence, high-quality raw materials and structural solutions, and thorough testing.

The optimised structure and advanced raw material design improve the eco-friendly properties of modern winter tyres.

Nokian Hakkapeliitta 8 – Ruler of the North

In winter 2013, Nokian Hakkapeliitta 8 was the superior test winner in Finland, Sweden, Norway, and Russia. Our new tyre combines extreme winter safety and low road wear, which is significant for the environment. This is made possible by our revolutionary Nokian Eco Stud 8 concept.

The new Nokian Eco Stud 8 concept ensures that the tyre is very gentle on the road surface, even though the tyre's winter grip properties are even safer than before. When the studs are properly cushioned, the road wear impact of the tyre is considerably lower than the limit defined in the Nordic stud legislation, the studs are more durable, and the tyre noise is quieter.

The modern stud technology optimises winter grip and eco-friendly properties, and it enabled us to increase the number of studs in the tyre. While the

tyre is gentle on the road surface, it has, on average, 50% more studs compared to previous generation tyres. Furthermore, the symmetric tread pattern and ingenious innovations of the tyre reduce the tyre noise.

[Learn more about our next-generation anchor stud with improved eco-friendly properties!](#)

http://youtu.be/oAMQ08VXT_I

Nokian Hakkapeliitta R2 – Northern comfort

In 2013, we introduced the new Nokian Hakkapeliitta R2 non-studded winter tyre. It continues the triumph of its predecessor, the Nokian Hakkapeliitta R, as the most fuel-efficient tyre in several tests. The extremely low rolling resistance of the Nokian Hakkapeliitta R2 creates significant fuel savings and lower CO2 emissions. In addition to the extremely low rolling resistance, advances have also been made in handling on ice, snow, and wet roads, which are all safety features that drivers highly value.

<http://youtu.be/C72NcB0jvH0>

Nokian Hakka Black - Cool Performance

In the north, the summer is a time of surprising changes in the weather. For this reason, we developed the Nokian Hakka summer tyres. In 2013, we expanded the Hakka range of summer tyres by introducing the Nokian Hakka Black.

The new Hydro Grooves innovation effectively prevents aquaplaning by storing water from between the surface and the tyre, and by guiding the water into the longitudinal grooves. The innovation ensures a safe driving feel, even in the rain.

<http://youtu.be/t9fZeEGmBdk>

Test success and pioneering products

Over the years, Nokian Tyres' products have regularly been at the top of international tyre tests. We continuously track our success by a test success indicator tool. Magazine tests are a transparent and objective way to compare our products to those of our competitors. Below you can see our products' success in magazine tests for the seasons 2011-2012 and 2012-2013.

Season 2011-2012

59 tests:

1st place in 31 tests – 52.5%

2nd place in 11 tests – 18.6%

3rd place in 9 tests – 15.3%

In the Top 3 in 51 tests – 86.4%

Season 2012-2013

63 tests:

1st place in 29 tests – 46%

2nd place in 5 tests – 7.9%

3rd place in 2 tests – 3.2%

In the Top 3 in 36 tests – 57.1 %

As a demonstration of our inventiveness and role as a pioneer, we presented a futuristic new concept tyre with pop-out studs to celebrate the 80th anniversary of the winter tyre. The tyre combines the properties of studded and non-studded tyres, and the switchover is made by pushing a button on the dashboard when the road conditions change significantly. On dry roads and even winter conditions, it can act as a non-studded tyre, and the studs can be activated on icy roads.



- Our new concept tyre is an incredible display of technological skill. The unique concept tyre may someday become a reality. As a winter tyre pioneer, we wanted to demonstrate that it is possible to combine studded and non-studded tyres, says Matti Morri, Technical Customer Service Manager.

<http://youtu.be/qNXL2EEscuE>

Respecting the fields and forests

Nokian Heavy Tyres, which is part of the Nokian Tyres group, is one of the most well-known and successful manufacturers of special tyres in the world. Our unit designs, develops, and manufactures high-quality and eco-friendly tyres and retreading materials for the industry, heavy truck and trailer combinations, lorries, and buses. Our product range also includes special tyres that are designed for agriculture, earthmoving, road maintenance, military vehicles, ports, and the mining industry. Nokian Heavy Tyres is a market leader in forestry tyres.

The rubber compounds, tread patterns, and structures of the Nokian special tyres are designed to withstand heavy-duty use, which ensures more operating hours and reliable functionality under all conditions. Our thorough field testing and research guarantee the desired properties of the tyres. The eco-friendliness and high quality of raw materials are also essential in the manufacture of all heavy tyres.

New products in 2013

- **Nokian Forest King F2** improves the functionality of forestry machines with a completely new tyre size. The increased tyre diameter allows for a high load-bearing capacity at similar inflation pressures and it improves the traction and off-road abilities of the machine.
- We officially launched the **Nokian CT BAS** at the Agritechnica trade show in November. It is a unique solution for heavy earthmoving trailers that offers unrivalled robustness and stability in demanding worksite conditions as well as on roads. The shape of the tread grooves improves the self-cleaning properties on soft soil, and the asymmetric block array of the tread pattern lowers the noise level on the road considerably.
- **Nokian Forest King TRS 2** is designed to serve its driver even under the toughest conditions, and to provide no surprises. It can be used either with or without tracks. The wider tread surface provides good lateral grip and significantly reduces the pressure towards the ground. At the same time, the tyre behaves more reliably, and new growth is not prevented since the ground is not compacted unnecessarily. The tyre meets nearly all of the challenges of practical forestry, making work more fluent and economical.

All Nokian-branded heavy tyres have low rolling resistance, which contributes to better fuel economy and lower CO₂ emissions. We will continue our work on reducing vibration and noise in the development of heavy tyres.

Safe driving with articulated vehicles

The Nokian lorry tyres and the Nokian Noktop retreading materials are designed for demanding professional use and changing conditions. In 2013, all of our Hakkapeliitta and Hakka lorry tyres received

official winter tyre approval, which makes it easier to choose a tyre for the Northern conditions. For example, there are very few trailer tyres on the market that would meet the requirements of winter conditions.

We are actively involved in the improvement of heavy vehicle safety and the reduction of their environmental impact. We work closely and in strict confidentiality with bus and transport companies in order to enable effective product development.

In the winter of 2013, we arranged a test event in Ivalo for testing the behaviour of new winter tyres and new All Season tyres that are typically used in Central Europe and their differences under winter conditions. The event was arranged in co-operation with Liikenneturva (The Finnish Road Safety Council), Scania, PNO, the University of Oulu, and Oulu Vocational College.

Based on the test results, the difference between the winter tyres and the All Season tyres was over 20 per cent in favour of the winter tyres in terms of both braking distance and acceleration. The test conditions were very wintry, as the temperature varied between -16 and -27 degrees Celsius during the event. Broadly speaking, the lower the temperature falls the smaller the differences between the tyres become as the friction of the surface increases. Had the test been conducted under the most slippery and demanding conditions at temperatures close to zero, the differences between the tyres would have likely reached more than 30 per cent.

Due to the heavy loads, trailers account for most of the rolling resistance in full trailer trucks. The research showed that the right choice of tyres can keep the rolling resistance low and significantly reduce the swinging of the trailer. We immediately applied the new research results to our tyre recommendations.

However, minimising rolling resistance alone is not a sufficient solution for safety in the Nordic conditions.

According to our research, all tyres of the truck and trailer combination have a significant impact on safety under winter conditions. The right choice of tyres and retreading materials can achieve the best solution in terms of economy and safety.

<http://youtu.be/SSGI1Mir5F4>

Many ways to make a difference

Have you ever thought when you are driving that your car's only contact point with the road is exactly four palm-sized patches – your tyres? A safe and high-quality tyre is a display of technical skill in several fields. As the creator of industry-leading innovations and a pioneer in safety, we see that it is our right and obligation to influence traffic safety and society in our role as an expert.

Being a pioneer requires expertise

To us, it is self-evident that developing and producing safe tyres according to high standards of quality involves carrying our responsibility for improving traffic safety and for educating consumers about tyres and other issues that contribute to safe driving.

Our experts have extensive knowledge about the different factors that affect traffic safety, including the choice of tyres, their environmental impact, or safe driving behaviour. We are proud to share this information actively in order to ensure road safety even under demanding conditions.

In addition to our own communications and expert interviews, we co-operate for example with the Finnish Driving Schools Association and the Automobile and Touring Club of Finland for improving safe driving. Furthermore, we are a member of tyre and automobile organisations in different countries and work on improving traffic safety.

The Hakkapeliitta Winter Driving School is one example of our efforts to make winter driving safer and more comfortable. At the end of 2012, we published on our website a comprehensive and multilingual set of training material on winter driving. Our goal is to increase awareness and promote safe driving under winter conditions.

[View the Hakkapeliitta Winter Driving School!](#)

Stronger together

Our company is involved in international and local co-operation with organisations, companies, and educational institutes in different fields. The co-operation with educational institutions and expert organisations is very important in terms of product development and promoting traffic safety.

Our product development personnel work closely with technical universities and polytechnics. The co-operation includes diploma theses written for our company as well as joint development projects concerning traffic safety, material development, and design. We offer students trainee placements in production and product development.

Close co-operation with educational institutions offers real, interesting, and practical projects for students and new future experts for our company. Higher educational institutions and companies also have joint projects with Tekes (the Finnish Funding Agency for Innovation). We work with educational institutions in Finland as well as in Russia.

Many ways of combatting street dust

Our operations are driven by road safety. We develop safer and eco-friendlier studded and non-studded tyres for varying conditions. We will continue our long-term product development efforts that aim at reducing the road wear impact and particle emissions of studded tyres. To us, it is important to make every effort for combatting street dust without compromising traffic safety.

As a result of several years' product development, modern winter tyres contribute less to street dust than ever before. The new Nordic stud legislation applies to tyres that are manufactured after July 2013. Studded tyres that follow the new regulations have a significantly reduced road wear impact compared to older tyres.

The Hakkapeliitta Test Driver programme: Authentic experiences, aha moments, and earned trust

The Hakkapeliitta Test Driver programme is Nokian Tyres' global way of promoting traffic safety by acting

locally. Collecting user experience from everyday drivers' observations is one of the ways to develop new innovations and offer even safer tyres. The test drivers provide us with a window to the real, local driving conditions that motorists from all over the world experience. In addition to supporting our product development, our test drivers promote traffic safety locally by sharing their experiences in safe winter driving.

Through the Hakkapeliitta Test Driver Programme, we offer individuals an opportunity to gain experience in driving with the safest tyres and to learn how important tyres are for safety in the course of their everyday driving.

Hakkapeliitta Test Driver Antti Luukkanen, Hämeenlinna, Finland

- I absolutely wanted to join the Hakkapeliitta Test Driver programme! It is wonderful to participate in testing the tyres, write about my experiences and, hopefully, educate other drivers about taking care of their tyres as well as road safety. I lost control of my car once only because of poor tyres, and I was lucky that the car ended up in soft snow. However, the feeling of the driver becoming a passenger is not something I want to experience again or something I can recommend to anyone. New tyres may feel like an expensive one-time investment, but the price is still fairly cheap for the safety of yourself and your close ones.



Finance



Financial management at Nokian Tyres

In our company, financial management actively influences our operations and decision-making thereby enabling us to reach our objectives. Our finance function extensively collects information on the operating environment as well as the different stages and results of the company's business processes. By processing this information, we aim at forming an understanding of the impact that our business decisions will have. Good financial management provides our company with the best opportunities for planned and foreseeable operations as well as for finding the best operating models in different situations.

Profitable but sustainable growth

As a commercial business, one of the key elements in our responsibility is ensuring financial success and being able to provide added value to our financial interest groups. Profitability enables us to further develop our business and it offers financial security, work, and well-being for our personnel as well as our shareholders.

Profitable growth and continuous development as our lifelines

We focus on growing our business by producing premium-quality special tyres. By focusing our efforts on improving our products that offer safety and quality, we can achieve victories in impartial car media tyre tests. This, in turn, strengthens the reputation of our company, thereby driving the demand and sales. In terms of the product ranges and geographical expansion, we have taken small but sure steps and grown our business based on our strong and established expertise in the Northern conditions.

Profitable growth and continuous development are the lifelines of our business that keep us competitive and enable us to further grow our operations. By developing and expanding, we can benefit all of those around us, from our investors to our personnel, and make our own business more interesting and varied.

We focus systematically on quality, productivity, and logistics. New products comprise some 30 per cent of our turnover. We aim for even further development and growth as we are the world's most profitable tyre manufacturer today and want to be that also in the future.

In addition to product development, we focus on the continuous improvement of our business models and

processes. The management and functionality of the distribution chain are basic requirements for improving our sales and for receiving a good return on investment. Thus Vianor and NADs (Nokian Tyres Authorized Dealers) have an important role in ensuring our profitable growth.

Profitability enables us to further develop our business and it offers financial security, work, and well-being for our personnel as well as our shareholders.

Market area review

The stable Nordic countries

In 2013, Finland, Sweden, and Norway comprised approximately 36% of Nokian Tyres' car tyre turnover. We are a market and price leader in the Nordic countries, where some 10 million car and light truck tyres are sold each year. Some 6 million of these are winter tyres. Generally, the market grows 1–3% per year, and there are approximately 80 competing brands. In these countries, winter tyre laws require the use of winter tyres in the winter.

Highest potential in Russia

Nokian Tyres is the market leader and the largest manufacturer of premium tyres in Russia. In 2013, Russia and the CIS countries comprised 34% of Nokian Tyres' group turnover. Russian law does not require the use of winter tyres, but the climate in Nokian Tyres' areas of operation warrants their use under winter conditions. In Russia nearly 40 million car and van tyres were sold in 2013. We estimate that, on average, the market for premium tyres grows 5% each year.

Reinforcing our position in Central Europe

Due to the expanding tyre markets and the adoption of winter tyre legislation in more countries, Central Europe has become one of the most important

growth areas for Nokian Tyres. The European market, excluding the Nordic countries, comprised approximately 230 million car and van tyres in 2013. The overall market grows slowly, but the proportion of winter tyres is increasing more rapidly. Nokian Tyres tailors its tyres to suit the needs of different markets. Our summer tyres and non-studded winter tyres that are designed for the Central and Eastern European winter conditions differ from the products that we sell in our core markets.

Financial development in 2013

At the end of 2013, the global economy started to grow following the lead of the developed economies. The growth was driven by the United States and also remained relatively high in China. Slow growth also started in the European economy and, by the end of the year, the large countries were no longer in recession. The European unemployment rate started to decline, and consumer confidence improved.

In its core market, the Nordic countries, Nokian Tyres continued its slow but relatively steady growth. The growth of the Russian GDP decreased to 1.3% in 2013. Consumer confidence was relatively good in Russia, but consumer spending was limited by increased interest rates and insecurity due to the weakened global economy.

In 2013, Nokian Tyres further reinforced its position as a market leader in Russia and the Nordic countries, increased its market share, and expanded its distribution network. Once again, our company had good profitability, which generated a strong cash flow. Our company has a strong balance sheet and no net debt, which enables us to develop our operations and increase shareholder value in the future.

View of the future

For more information on the development of our sales and our financial standing, please refer to our 2013 annual report at www.nokiantyres.com/company/publications/annual-reports/.

EUR million	2013	2012	change %
Net sales	1,521.0	1.0	-5.7
Operating profit	385.5	415.0	-7.1
% net sales	25.3	25.7	
Profit before tax	312.8	387.7	-19.3
% of net sales	20.6	24.0	
Return on capital employed (ROI), %	21.8	24.3	
Return on equity (ROE), %	13.0	25.2	
Interest bearing net debt	-56.4	-65.2	13.5
% of net sales	-0.9	-4.0	
Gross investments	125.6	209.2	-40.0
% of net sales	8.3	13.0	
Earnings/share, EUR	1.39	2.52	-45.0
Shareholders equity per share, EUR	10.45	10.89	-4.1
Equity ratio, %	67.60	71.2	
Taxes, EUR	129.1	56.8	
Wages, fees, social security contributions	189.6	197.1	

Delivery reliability and a look at our markets

Delivery reliability is one of the prerequisites for Nokian Tyres' success. The consumer sales of winter tyres are highly focused on seasons and that requires tyre manufacturers to employ flexible and rapid logistics.

Deliveries according to contract

By delivery reliability, we mean that the right products are delivered according to contract in terms of the product quality, method of transport, delivery location, delivery time, and price. Delivery reliability is one of the prerequisites for Nokian Tyres' success. The consumer sales of winter tyres are highly focused on seasons and that requires tyre manufacturers to employ flexible and rapid logistics. Good availability of tyres and quick delivery on time are increasingly important factors by which the customers select their suppliers. Nokian Tyres' delivery reliability is generally recognised in the field, and it contributes to reinforcing our price position in the market.

Development efforts for optimising transportation

Nokian-branded tyres are sold in more than 50 countries by our in-house sales organisation and thousands of client companies. Our clientele includes tyre chains, car dealerships, tyre wholesalers and retailers, independent importers, machine and equipment manufacturers, port and logistics companies, and haulage companies. The Vianor tyre chain and new NADs (Nokian Authorized Dealers) have an increasingly important role in the sales and seasonal management of Nokian Tyres. A significant part of the Group's sales are currently made through Vianor outlets.

Nokian Tyres and Vianor have, for a long time, worked together for improving and streamlining logistics. Our Group aims to avoid all unnecessary transportation and thus reduce the environmental impacts. To minimise the transportation distance and the consequent environmental impact, tyres are delivered from the production plants to our clients as directly as possible in fully loaded trucks.

Transportation is specifically one of Vianor's most significant environmental impacts, and the chain strives to maximise the number of tyres in each delivery from the import warehouse and to minimise transportation between outlets. The chain monitors the weight of the deliveries from the warehouse and packs the tyre trucks as fully as possible, for example by 'lacing' the tyres densely.

Nokian Tyres' shipments in Central Europe use sea and rail transport as much as possible. From marine containers, we mainly deliver the tyres directly to the client by train or trucks. We prefer the largest container sizes (45' HC and 40' HC) in order to minimise our environmental impact. If at all possible, we use round-trip transportation to avoid return legs with empty trucks. Most of the time, haulage companies serve different clients on the outward and return legs, and trucks rarely have to drive back empty.

When selecting haulage companies for tyre deliveries, our main criteria are quality and cost-efficiency as well as the operator's environmental performance and valid environmental certifications.

Effects on society

The salaries and taxes that we pay support the structures of society and improve the quality of life for thousands of people.

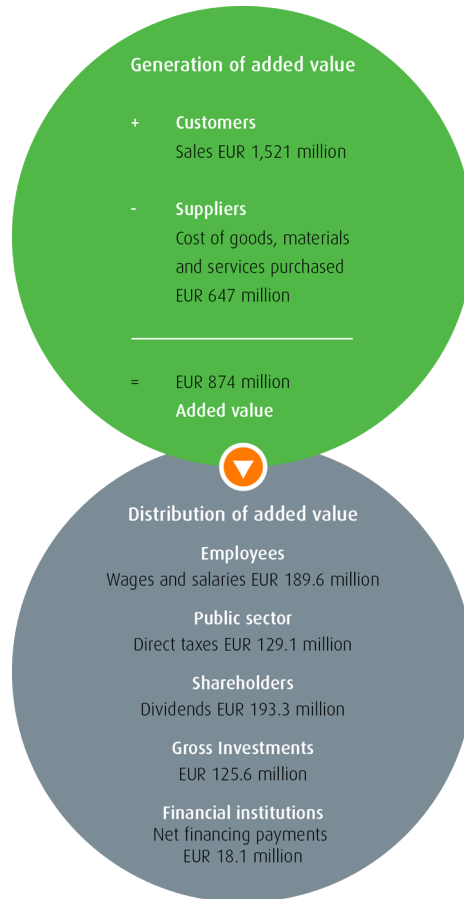
Employer, taxpayer, and safety expert

We employ more than 4,000 people around the world, and our tyre factories are significant employers. The salaries and taxes that we pay support the structures of society and improve the quality of life for thousands of people.

As a leading manufacturer of winter tyres, we have a special responsibility for making winter traffic better and safer. Nokian Tyres is a member of different communities and organisations that participate in the development of the legislation and political decision-making.

Nokian Tyres and the cash flow between interest groups

A good financial result has extensive effects on the interest groups of the company. The diagram below shows Nokian Tyres' economic footprint in terms of its interest groups.





People

HR management at Nokian Tyres

The purpose of HR management is creating an effective and functional work community. Determined HR management efforts help our committed, motivated, and professional personnel to further develop their competence, support their well-being at work, and promote equal treatment. Managers implement our company and management culture into the everyday work of our personnel in a natural and consistent way. Well planned HR management provides the tools that are necessary for good management work and for improving leadership skills. The competence and inventiveness of our personnel are our most important resource that needs a safe and healthy work environment.

We build our success together

Everyone has an opportunity to grow and learn in our company. In accordance with our ethical principles, our company develops and implements a company culture that promotes fair and equal treatment and respect. Everyone contributes to our profitable growth and success regardless of his or her position.

Appreciation increases motivation and profitability

Fair and equal treatment of personnel is important to us. We believe that a fair work community is a motivating factor that improves our profitability and competitive ability.

One example of fair treatment in our company is that our employee stock options and bonus programmes cover all of our employees.

We appreciate the competence and ideas of our personnel. Our work on inventiveness is an important channel through which our personnel can further develop their work, the work environment, and our business. It provides everyone with an opportunity to make a difference.

[Read more about our work on inventiveness!](#)

The Hakkapeliitta of the Year award demonstrates appreciation by colleagues and the employer

As the northernmost tyre manufacturer in the world, we make roads safer by developing innovative, premium-quality tyres designed for demanding conditions. Therefore, our employees' competence, will to win, inventiveness, and ability to deal with challenging situations are important for our success.

The Hakkapeliitta of the Year award is one of the ways of showing appreciation and rewarding persons whose actions and example contribute to the work environment, whose go above and beyond what is required, and whose can also celebrate the success of others. We give out the award in Nokia and Russia, and the tradition has continued for more than a decade. The award is significant because our personnel can nominate others for the award and the winners are selected by an independent panel.

In 2013, our location in Nokia tried a new concept in which five finalists were selected among the persons nominated by the personnel. The concept was a success with everyone receiving lots of votes, but eventually, Tomi Mustajärvi, who works as an equipment engineer in assembly, won the award.

Hakkapeliitta of the Year 2013 in Nokia: "Worth his weight in gold for our company!"

A great personality with solid competence, an uncompromising and positive attitude, attention to detail, and a good sense of humour. Colleagues could go on and on about Tomi Mustajärvi, the Hakkapeliitta of the Year 2013 in Nokia.

Tomi works as an equipment engineer in the assembly department of the Passenger Car Tyres unit. Tomi is always called when there is a need.

– Sometimes his shifts are so busy that he barely has time to eat lunch, and at other times his days are more relaxed. The night shifts are usually less busy if there are no product changeovers scheduled. The intensity of his days is largely affected by the raw materials used in the run and the number of product changeovers and new sizes.

Working like everybody else

Tomi, who has been with us for nearly twenty years and believes that he is working just as hard as the others, was surprised by the attention that he received.

- I think I have just taken care of my duties like everybody here. In addition to machine settings, we equipment engineers instruct the assembly persons in the use of the machine and renew the systems. I try to be as clear as possible when giving instructions and sometimes I go through the procedure several times to make sure that it is understood.



The nominations that Tomi received and their comments emphasised a humble attitude towards

work and learning, genuine professional pride, broad view on the entire production process, giving 100% of his effort, and true team spirit. Many people consider this to be more than just taking care of his duties.

The right attitude and team spirit

Tomi inspired his colleagues to get creative in their nominations that even included fun little poems. Someone also pointed out that Tomi is worth his weight in gold for Nokian Tyres. The fun comments brought a smile to the face of the panellists because they are a wonderful example of good team spirit.

To receive this many compliments and good feedback, a person must get along and be liked among his colleagues.

- We have a great crew here that is easy to work with. We work well together and are able to get things done, Tomi says.

Three Hakkapeliittas were awarded in Russia

In Russia, three persons received the Hakkapeliitta of the Year 2013 award and were very happy for the recognition.

Aleksandr Nikitin, tyre curer

“You are always there to help, you co-operate well with others, and you promote true Hakkapeliitta Spirit. You take care of your work like it is your own company, and you are not afraid of big challenges. You always go for the win. You are a fair and honest colleague.”



HR Manager Lilia Yasakova hands Aleksandr Nikitin the Hakkapeliitta of the Year certificate.

Pavel Butov, mechanic

“You are a responsible, hard-working, optimistic, and fair colleague. You are always ready to help and good at organising. You are the best mechanic in our factory. You have a creative approach to your duties and you can work on several tasks at the same time. You improve your competence all the time and show exceptional drive.”



Pavel Butov receives the stud-shaped trophy from Andrei Pantioukhov, General manager.

Sergey Moiseenko, senior sales analyst

“You are a high-level professional and you have a determined and passionate attitude towards your work. You are always looking for new solutions and see the big picture at a glance. Nothing is impossible for you. Your positive attitude contributes to a good work environment.”



Sergey Moiseenko poses with Andrei Pantioukhov, General manager.

Good HR management supports well-being and improves our results

Our efforts focus on the generally recognised elements of physical and mental well-being as well as on continuous learning and the development of the work environment. Good management practices are essential for our operations. Work that focuses on inventiveness is one way to support leadership and the active participation of our personnel in line with our company culture. We develop competence in a strategic and proactive manner that addresses future needs. To improve the functionality of our work community, we track the well-being and commitment of our personnel as well as the level of service that we provide.

Good HR management improves our results

High standards of HR management help our committed, motivated, and professional personnel to further develop their competence, support their well-being at work, and promote equal treatment.

Our group employs more than 4,000 persons around the world. Good HR management ensures that we are able and, most importantly, willing to build our company's success together in a responsible way.

Managers implement our company and management culture into the everyday work of our personnel in a natural and consistent way. Well planned HR management provides the tools that are necessary for good management work and for improving leadership skills. The competence and inventiveness of our personnel are our most important resource that needs a safe and healthy work environment.

The development of competence addresses future needs

We develop the competence of our personnel in a strategic and proactive manner that addresses future needs. As our company develops and as we modernise our production processes and increase automation, most of the development of competence takes place through on-the-job learning as well as learning from others and traditional training. While individuals always have the primary responsibility for developing their own competence, everyone has an opportunity to grow and learn in our company.

We support the development of competence through tailored internal training, vocational degrees, joint training within company networks, and internal job rotation. We promote internal job rotation by primarily promoting from within before posting open positions outside the company.

Our new employees receive online training on our products and our company and attend a general introduction programme that is designed for them. We always arrange position-specific introductory training for anyone who transfers to a new position from within or outside the company. The purpose of extensive introductory training is to establish a basis for safe, healthy, and productive work.

One essential tool for developing competence is our international Hakkapeliitta eAcademy online portal, whose services are accessible by our personnel as well as our retailers and partners. We develop the content of Hakkapeliitta eAcademy continually: currently, we offer more than 40 courses in up to 17

different languages. In 2013, we added nearly ten new courses in our online portal on topics ranging from the group strategy to new products, insider information and confidentiality, and project management.

Starting in autumn 2013, we began implementing throughout our group a management and strategic initiative titled "Hakkapeliitta Way - The Road to Success". As the first step of the implementation, we conducted a group-wide survey for determining the baseline for the strategy awareness of our personnel. The initiative comprises supervisor training and the related materials, online training on the strategy, video materials, and internal communication. Hakkapeliitta Way's measures for supervisor guidance as well as personnel training and engagement will continue in 2014.

In 2013, we also focused on the training of production and maintenance supervisors in Russia and Nokia, Finland. In Nokia, we also completed our additional two-year training for maintenance personnel.

Performance appraisals as part of strategic work

Performance appraisals are an important tool for implementing our strategy, setting personal targets

for employees, ensuring sufficient competence and development, and improving well-being at work. Periodic performance appraisals provide a good opportunity to identify the needs of our personnel and to motivate and openly evaluate the work of the supervisor as well as the employee.

HR management guides supervisors to know what their personnel are capable of and to promote their personal development. For the supervisor, performance appraisals are a tool for further developing work performances and manager work, which enables the improvement of well-being. For an employee, the appraisal is an opportunity to sit down with his or her supervisor and thoroughly discuss the position, responsibilities, duties, and goals.

Performance appraisals are periodic and confidential discussions between the supervisor and the employee, which take place at least once per year for production personnel and twice per year for office personnel. The appraisals are scheduled in advance and everyone is expected to carefully prepare for them.

At Vianor, performance appraisals are organised once per year for everyone, but Vianor Holding follows the same principle as the Nokian Tyres group.

Development discussions (realisation/target, %)

Nokian Tyres Group

	White collars	Blue Collars
Nokia	67.0%	78.7%
Vsevolozhsk	100.0%	100.0%
Sales Offices	57.50%	
Vianor Group	White & Blue collars	

Vianor Holding	83.3%
Vianor Oy, Finland	38.5%
Vianor Ab, Sweden	45.8%
Vianor AS, Norway	45.0%
Vianor AG, Switzerland	96.4%
Vianor Inc., USA	75.0%

Working together for well-being

Effective operations and productivity improvements are the result of having competent, energetic, motivated, and committed personnel. Therefore, we find it important to look at the well-being of our personnel comprehensively with a perspective on the individual, work community, work environment, and competence. Our efforts focus on the generally recognised elements of physical and mental well-being as well as on continuous learning and the development of the work environment.

We work together with different personnel groups and experts for improving occupational safety and well-being at our company. The collaboration is supported through open communication and, for example in our Nokia office, elected occupational safety representatives and shop stewards participate in our well-being initiatives, as necessary. The arrangements for representatives at different locations and countries of operation vary according to the size of the location and the local legislation.

Through collaboration with occupational health care services, we promote the working ability and health of our personnel and improve our sports and well-being services. We support the physical well-being of our personnel through sports activities and events as well as diverse club activities, among other things.

Mental well-being at work is promoted through good management, significance of work, and experiences of appreciation. In addition to developing manager work, we support the mental well-being of our personnel by providing work guidance to individuals and groups, enabling different work time arrangements, and arranging personnel events.

Training and continuous learning efforts support cognitive well-being for ensuring that everyone feels competent in terms of his or her position and genuinely motivated to develop personally. The social atmosphere is affected by a safe, encouraging, and proactive work environment that we maintain, for example, with our efforts on inventiveness throughout the group.

Absenteeism by company and by gender

	Nokian Tyres (FI)	Nokian Heavy Tyres	Vianor Holding Oy	Vianor Oy ^{*)}	Vianor AB	Vianor AS ^{*)}	Vianor AG	000 Nokian Shina	000 Nokian Tyres	000 Vianor SPb
Sick absences % (total)	4.37%	6.39%	0.41%	4.20%	4.56%	7.58%	1.00%	2.65%	3.85%	0.12%
Sick absences % (women)	6.33%	9.40%	0,00%		4.32%		3.50%	4.61%	3.94%	2.03%
Sick absences % (men)	4.49%	5.93%	0.49%		4.59%		0.90%	0.99%	3.84%	0,00%

^{*)} Information of absenteeism by gender not available

Determined work for improving safety

We promote occupational safety through risk management, continuous improvement of our processes, and new investments. The purpose is improving the safety of the work environment even further as well as ensuring risk management in our production and functions. The interconnection between safety and environmental issues is especially obvious in matters that are related to work hygiene and the use of chemicals.

Following the project for improving safety that we started in 2012, we have reviewed all the incidents at our Nokia factory and prepared risk assessments for the machinery. Furthermore, the rubber industry now has special material for occupational safety card training, our work instructors have received additional training on safety issues, and we have implemented a safety data system and global procedures and tools.

Our measures in 2013 for improving safety and reducing the number of accidents started to pay off, and we managed to halve our accident frequency in just two years. Our goal is to further improve the safety of our operations and aim for zero accidents.

We communicate and discuss safety visibly in our company, which has made our personnel more active, for example in reporting deviations at earlier stages. In 2014, we will continue to develop our safety culture throughout the group.

Working ability and sickness absence

We regularly track sickness absences and address repeated or prolonged absence as early as possible in order to evaluate any issues related to the

employees' working ability and intervene as necessary. When issues are related to generally demanding work or occupational health risks, we start to develop the relevant duties or the work environment.

In order to address the issues caused by work tasks, our efforts focus on the work environment in addition

to supporting the individual. By developing specific work tasks and the work environment, we are able to improve our operations and benefit everyone involved in the same tasks. This way, we can ensure that the issues due to work are corrected, thereby reducing the number of sickness absences.

Accident rate (more than 3 days absence / million working hours)

	Vianor Oy	Vianor AS	Vianor AG	Nokian Tyres (Nokia)	Nokian Tyres (Vsevolozhsk)
2013	20.4	14.0	0.04	19.0	11.0

Equal treatment and compensation

The well-being and equal treatment of our personnel are vital to our operations, and we have a long history in their development. Our ethical guidelines comprise several principles regarding the treatment of our personnel, and we promote equality at work. Every employee of our company is always entitled to fair and appropriate treatment at work. All kinds of discrimination, harassment, and hostility are absolutely forbidden, and we take immediate measures in case of violations.

Employment in our group is always based on clear and unambiguous employment contracts in accordance with the local legislation and any collective agreements. Our salaries are always equal to or above the statutory local minimum wage. Furthermore, we offer employee stock options to everyone employed by the group.

The evaluation comprised three sections: employees named other companies that they would want to

work for (weighted 40%), HR experts assessed the quality and performance of companies' HR management (20%), and the commitment of personnel was evaluated based on satisfaction, loyalty, and supporting initiative.

Inventiveness – a significant part of our company culture

Inventiveness has a long tradition in our company, and it is an important part of our company culture. It supports leadership and the work of supervisors and enables our personnel to affect their work and the work environment. Our goal is to have the personnel actively contributing to the operation of our company and the development of their own work and to utilise their ideas extensively. We reward all inventive ideas that are actually implemented, and suggestions can be made by individuals and groups alike. This way, our personnel function better, which in turn improves the results of individual employees and our company.

In 2013, we recorded some 7,000 inventive idea suggestions in our group and implemented more than 5,200 of them. We recorded approximately 3,000 fewer suggestions than in 2012, but the number of

implemented ideas remained at the same level. Inventiveness gained momentum at our Russian factory, where we doubled the number of suggestions compared to 2012. In fact, our Russian office won the Northern Capital series of the HR Brand 2013 competition for its inventiveness.

Personnel survey improves the chance to make a difference

For decades, we have tracked the well-being of our personnel by carrying out an annual worker well-being survey. In autumn 2013, we introduced our new "Drive!" personnel survey, which is designed to be a more effective tool for developing our organisation and for identifying specific strengths and areas for improvement in the operation of our work community.

The survey concept is built around engagement, which indicates our employees' attitude towards their own work, our organisation, and the values that we represent and their readiness to put in extra effort when necessary for meeting the set objectives. The opportunity to interpret the results against external reference data brings added value to the concept and enables taking into account any country-specific cultural factors when comparing individual units. The personnel survey is conducted every two years, which leaves more time than before for effective implementation and the tracking of the measures taken at individual units.

At 80 per cent, the response rate of the new Drive! survey was seven per cent higher than in the 2011 worker well-being survey.

According to the survey results, we are on a better level in terms of commitment, management, and performance compared to other organisations in the reference data. At the company level, more than 90% of our personnel strongly consider the values and goals of our company worth pursuing. The same number of respondents think that corporate social responsibility is well taken care of in our group.

The results demonstrate that our personnel believe strongly in what we do, with nearly 95% of the respondents saying that we produce high quality products and services. More than 83% of our personnel would also recommend our company as an employer and 85% of the respondents believe that we have a bright future ahead of us. Especially the internal review of communication processes was mentioned as an area for improvement.

One of our company's strengths is our management culture, which was also reflected in the results: more than 80% of the respondents trust the top management and consider our decision making to be efficient. Immediate supervisors' work is on a good level according to the survey results and open-ended feedback by the respondents.

In 2014, we will focus on further clarifying HR management with an aim to create an even more functional and safer work community with a strong will to win.

Inventiveness summary

	Created ideas	Created ideas/person	Realised ideas	Realised ideas/person
Nokian Tyres, Nokia	4915	4.4	4510	4.0
Nokian Tyres, Vsevolozhsk	1405	1.1	405	0.3
Vianor	589	0.5	288	0.2
In all:	6909	1.9	5203	1.4

Total workforce by employment type, employment contract and region, broken down by gender

	Nordic	Russia and CIS	CE and Eastern Europe	North America	The rest of the world	Total
Total workforce on 31.12.2013	2538	1389	116	164	12	4219
Women	411	223	31	19	6	690
Men	2127	1166	85	145	6	3529
Total number of own employees	2522	1389	108	164	12	4195
Women	395	223	31	19	6	674
Men	2127	1166	77	145	6	3521
Number of supervised workers	16	0	8	0	0	24
Women	16	0	0	0	0	16
Men	0	0	8	0	0	8
Total number of season workers in Vianor during 2013	1048	0	8	14	0	1070
Permanent employments	2394	1365	106	163	1	4029
Full-time	97.58%	99.93%	95.28%	99.39%	100.00%	98.39%
Part-time	2.46%	0.07%	4.72%	0.61%	0,00%	1.64%
Women	15.46%	14.58%	28.30%	11.66%	0,00%	15.34%
Men	84.54%	85.42%	71.70%	88.34%	100.00%	84.66%

Total number and rate of new employee hires and employee turnover by gender, age group, and region

	NORDIC	RUSSIA and CIS	CE and Eastern Europe	North America	The rest of the world	Total
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Total number of new employees	286	270	41	14	2	613
Number of women	34	45	7	1	0	87
Number of men	252	225	34	13	2	526
Number of under 30 years old	135	207	16	8	1	367
Number of 30-50 years old	132	62	14	6	1	215
Number of over 50 years old	19	1	3	0	0	23
New employee hires rate (Total)	11.34%	19.44%	37.96%	8.54%	16.67%	14.61%
Percentage of women	1.35%	3.24%	6.48%	0.61%	0,00%	2.07%
Percentage of men	9.99%	16.20%	31.48%	7.93%	16.67%	12.54%
Percentage of under 30 years old	5.35%	14.90%	14.81%	4.88%	8.33%	8.75%
Percentage of 30-50 years old	5.23%	4.46%	12.96%	3.66%	8.33%	5.13%
Percentage of over 50 years old	0.75%	0.07%	2.78%	0,00%	0,00%	0.55%
	NORDIC	RUSSIA and CIS	CE and Eastern Europe	North America	The rest of the world	Total
Total number of terminated employees (fixed terms not included)	272	177	15	19	0	483
Number of women	30	21	1	2	0	54
Number of men	242	156	14	17	0	429
Number of under 30 years old	57	115	8	12	0	192
Number of 30-50 years old	151	62	7	3	0	223
Number of over 50 years old	64	0	0	4	0	68
Turnover rate (Total)	10.79%	12.74%	13.89%	11.59%	0,00%	11.51%
Percentage of women	1.19%	1.51%	0.93%	1.22%	0,00%	1.29%
Percentage of men	9.60%	11.23%	12.96%	10.37%	0,00%	10.23%
Percentage of under 30 years old	2.26%	8.28%	7.41%	7.32%	0,00%	4.58%
Percentage of 30-50 years old	5.99%	4.46%	6.48%	1.83%	0,00%	5.32%
Percentage of over 50 years old	2.54%	0,00%	0,00%	2.44%	0,00%	1.62%

Composition of governance bodies and breakdown of employees per employee category according to gender and age group

	NORDIC	RUSSIA and CIS	CE and Eastern Europe	North America	The rest of the world	Total
Number of individuals within the top management	17	2	4	3	2	28
Number of women	2	0	0	0	0	2
Number of men	15	2	4	3	2	26
Percentage of women	12%	0%	0%	0%	0%	7%
Percentage of men	88%	100%	100%	100%	100%	93%
Number of under 30 years old	0	0	0	0	0	0
Number of 30-50 years old	10	1	0	2	1	14
Number of over 50 years old	7	1	4	1	1	14
Percentage of under 30 years old	0	0%	0	0	0	0%
Percentage of 30-50 years old	59%	50%	0%	67%	50%	50%
Percentage of over 50 years old	41%	50%	100%	33%	50%	50%
Number of white collars	966	374	84	72	10	1506
Number of women	204	169	31	15	6	425
Number of men	762	205	53	57	4	1081
Percentage of women	21%	45%	37%	21%	60%	28%
Percentage of men	79%	55%	63%	79%	40%	72%
Number of under 30 years old	79	168	16	5	5	273
Number of 30-50 years old	643	200	44	43	5	935
Number of over 50 years old	244	6	13	24	0	287
Percentage of under 30 years old	8%	45%	19%	7%	50%	18%
Percentage of 30-50 years old	67%	53%	52%	60%	50%	62%
Percentage of over 50 years old	25%	2%	15%	33%	0%	19%
Number of blue collars	1539	1013	20	89	0	2661
Number of women	189	54	0	4	0	247

Number of men	1350	959	20	85	0	2414
Percentage of women	12%	5%	0%	4%	0%	9%
Percentage of men	88%	95%	100%	96%	0%	91%
Number of under 30 years old	326	529	13	23	0	891
Number of 30-50 years old	907	472	5	48	0	1432
Number of over 50 years old	306	12	2	18	0	338
Percentage of under 30 years old	21%	52%	65%	26%	0%	33%
Percentage of 30-50 years old	59%	47%	25%	54%	0%	54%
Percentage of over 50 years old	20%	1%	10%	20%	0%	13%
Composition of the Board	6					
Number of women	1					
Number of men	5					
Percentage of women	17%					
Percentage of men	83%					
Number of under 30 years old	0					
Number of 30-50 years old	1					
Number of over 50 years old	5					
Percentage of under 30 years old	0%					
Percentage of 30-50 years old	17%					
Percentage of over 50 years old	83%					

Nokian Tyres ranked eighth among the top 100 employers in Russia

Nokian Tyres' Russian unit participated for the first time in the ranking of the top 100 employers in Russia by HeadHunter and immediately climbed to the top 10. All companies with more than 100 employees can participate in the annual ranking, which was carried out for the fourth time.

"We chose to participate in the ranking because the most successful companies are desired employers."

— **Lilia Yasakova**, Russian HR Manager, Nokian Tyres plc

– We chose to participate in the ranking because the most successful companies are desired employers. We want to be an attractive employer in northwest

Russia for both employees and job seekers alike. We were happily surprised by our high ranking. It is a great honour to be among the top 10 industrial employers in Russia, says **Lilia Yasakova**, the Russian HR Manager.



Olga Bulavkina, HR expert

Reaching eighth place in the ranking of the top 100 employers in Russia is an impressive achievement for the company as well as for its employees. The HR department was especially excited about the good results because of our very strong competition. Furthermore, we won the Northern Capital series of the HR Brand 2013 competition for our inventiveness. Behind every win stands a group of professionals. We are a functional team with a desire to win!



Vitold Yavshits, production supervisor

Our company is recognised as one of the best employers in Russia. Our factory workers have reason to be proud, and success motivates us. The ranking will have a strong effect on the number of job applicants and it will improve our company image among other employers. We already use a Tell a Friend programme through which we hire quite a number of production personnel. In practice, our workers inform their friends about our company's working conditions, meal benefits, health care, and personnel events, for instance. Our placement was wonderful news. Now we can say with more confidence that Nokian Tyres is one of the best employers and socially responsible companies in our country.



Natalya Safonova, quality expert

To me, it is very important that Nokian Tyres is among the top 10 employers in Russia. I have experience with other companies and so I know that things could be much different. Employees appreciate actions that benefit them, such as our housing, health care programmes, and recreational opportunities. The company's efforts are more than just words. Our placement in the top 10 demonstrates that our employer is on the right track. HR and the entire company have performed well for years. This high ranking will further motivate people to apply for a job with us. I know several people who want to work at our company. Working here is engaging and interesting. I love my work!



Even small actions matter

We pay salaries and taxes, and we have built homes and a day-care centre for the personnel of our location in Russia. Furthermore, we support local sports clubs with minor contributions and sponsor a school in Nokia. Our tradition of giving back to our communities goes back to the early 1900s when our company built housing for the personnel. We at Nokian Tyres believe that even small actions matter.

Our long tradition in influencing local communities

We affect our local communities in many ways: In Nokia, we are one of the major employers. In Russia, we have built housing for our personnel. We annually support the Finnish war veterans' celebrations. The taxes that we pay support the well-being of people in different countries. We are also actively involved in making road traffic safer. Furthermore, our small actions – such as our dialogue with our neighbourhood, co-operation with educational institutions, and minor contributions for local sports clubs – affect individual persons and communities alike.

When possible, we try to contribute to the well-being of communities throughout our value chain. For example, we have helped rubber processors to develop their own functions by renewing the roofs of their processing plants. In many places, the roofs are

made of zinc plates that get hot in tropical weather conditions. By replacing the zinc plates with aluminium, it has been possible to significantly lower the temperature inside the processing plant, which improves the working conditions.

Our tradition of giving back to our communities goes back to the early 1900s when our company understood that its personnel are the most important resource. Despite the tough economy, our company emphasised personnel well-being and, for example, constructed hundreds of apartments for the employees. Although the world has changed drastically in the last hundred years, we still find it important to support the well-being of our personnel as well as our local communities.

Hakkapeliitta Village – a pioneering project in Russia

We built the Hakkapeliitta Village, high-quality homes for the employees of our Russian location, only 15 minutes away from our factories. We offer our personnel the opportunity to work and live in excellent, European conditions, and we want to use this as a way of committing our key resources to long employment relationships. We also want them to utilise the career advancement opportunities that our company offers. Hakkapeliitta Village is a social project the likes of which have not been commonly seen in Russia.

In 2009, we completed the first stage of the Hakkapeliitta Village and, in late 2013, the second stage apartments were ready for moving in. The residential complex currently comprises 343 apartments, and we celebrated its opening in October. We invited the Governor of Leningrad Oblast Alexander Drozdenko to attend the opening ceremony and visit our location. The Governor commissioned the new residential complex together with Managing Director Kim Gran.



– Nokian Tyres has set an example of demonstrating true corporate social responsibility. The factory employees can buy an apartment with loan conditions that no bank in Russia can match. All administrative and environmental requirements and regulations have been considered in the construction of the area. And the area also has an operating day-care centre, said the Governor at the opening ceremony.

All of the apartments in the Hakkapeliitta Village are only sold to the personnel of Nokian Tyres' Russian location, and anyone can apply for an apartment, regardless of his or her job position. Participants in the housing programme receive control of the apartment after a set period of time; if they end their employment before the time has passed, the investment is returned.

A safe environment for growth and personal development

The Hakkapeliitta Village, located approximately 10 kilometers from the centre of Vsevolozhsk, has become a close-knit community where the residents are very satisfied with the high standard of living, the possibilities for exercise and day-care services, and the safe and lush surroundings.

The first day-care centre that we built in connection with the Hakkapeliitta Village was handed over to the municipality in 2011. In 2013, along with the new apartments, we completed the second day-care centre, which will be handed over to the municipality in 2014. The Hakkapeliitta Village day-care centres have room for sleeping, playing, and other activities. Modern sleeping rooms and playrooms, high-quality sports equipment, good care, and good opportunities for the children to develop have received high praise from the parents and children alike.

Planet

EHSQ management at Nokian Tyres

The outset of our operations includes respecting environmental and safety aspects without compromises and ensuring high quality and a good customer experience. Our operations take into account ethical principles, diversity of nature, and sustainable development. We respect individual and cultural differences as well as differing opinions.

[Read more about how we manage environmental issues, health, safety, and quality.](#)

EHSQ management at Nokian Tyres

Management of environmental issues, health, safety, and quality at Nokian Tyres

EHSQ management at our company is handled at the Group level, and it encompasses, for example, quality management, environmental protection, well-being at work, safety management, and property protection. When developing operations, we aim at solutions that are more advanced than the minimum required by the legislation and standards. Our activities follow the principles of sustainable improvement and are based on the social responsibility assumed by our company, as well as the strategic goals of our business. At the same time, we secure our business, create added value, and enhance its critical success factors: the development, manufacture, and marketing of tyres. We have especially strived to ensure the continuity of our manufacturing operations by promoting the EHSQ functions. By minimising risks and interference, we can ensure cost-efficient production.

We have a broad view on EHSQ issues. We pay attention to the entire lifecycle of our products and to all of our company's activities. We emphasise the management of EHSQ issues in our own operations as well as in our distribution chains. In terms of direct competitive advantages, this means safety innovations for tyres. Sustainable safety is an important dimension in our research and development activities, as well as our main argument in marketing.

At the end of 2013, we adjusted our EHSQ policy, which comprises our promises regarding the environment, health, safety, and quality as well as our plans for keeping those promises.

EHSQ policy

Our promise

We develop and manufacture high-quality premium products in the tyre industry. The unique innovations of our products ensure safe, economical, and comfortable driving. We offer our customers the best service in the industry in all areas of our operation. As a forerunner in the industry, we are continuously improving the quality, safety, and eco-friendliness of our products and processes. In our operations, we take into account our products' entire lifecycle.

How we fulfil our promise

The outset of our operations includes uncompromising respect for environmental and safety matters, as well as ensuring high quality and a good customer experience.

We guarantee the high quality of our products with controlled, efficient, and closely monitored development, procurement, and manufacturing processes. Our operations are customer-oriented and profitable.

We commit to compliance with the laws and regulations as well as our customers' requirements. In our operations, we take into account ethical principles, biodiversity, and sustainable development. We respect different individuals, cultures, and opinions.

When procuring raw materials and ordering work from external service providers, we only select partners that have a good reputation and that we determine to be reliable. We do not accept the use of child labour in our own operations or those of our service providers.

Our management is committed to creating working conditions in which individuals have good opportunities to take responsibility for and influence the development of environmental issues, occupational safety, and quality. We strive towards efficiency and zero accidents in all areas of our operations.

We familiarise our employees with our basic operating principles and goals and provide training on the impacts that their work has on quality and the environment. Furthermore, we encourage our employees to promote quality, occupational and chemical safety, and environmental protection in their work.

Our management sets goals regarding economy, the environment, health, safety, and quality, and it monitors their implementation and allocates sufficient resources for meeting and maintaining these goals.

We conduct regular internal audits for assessing the efficiency of our activity management system as well as compliance with customer requirements and the legislation, regulations, and instructions.

Our operations are based on these international criteria

Our operations are based on and fulfil the requirements of the ISO 9001:2008, ISO/TS 16949:2009, ISO 14001:2004, OHSAS 18001, and ISO 17025 standards, as well as the customer and authority requirements.

Organisation

We merged our environmental, health, and safety (EHS) management operations with the quality assurance department in autumn 2011. Teppo Huovila, Vice President, Quality and Process Development, is in charge of the global co-ordination of environmental, health, and safety matters. The goals of EHS management include damage prevention in all areas of operations, faultless production processes, and good corporate citizenship.

Management systems

We aim at managing the environmental impacts of our products over their entire lifecycle and addressing the safety and quality aspects of our operations in a comprehensive and systematic manner. The activity management system that encompasses the environmental, safety, and quality issues serves as a key tool for this purpose. The operations manual complies with the ISO 14001 standard in terms of environmental matters and with the ISO 9001 standard as regards quality. Our factory in Russia and the Swedish sales company Nokian Däck are also covered by the joint EHS and quality (EHSQ) system and included in the ISO 14001 and ISO 9001 certifications. The management system, furthermore, covers the safety management system that is referred to in the Finnish Government Decree 855/2012 (industrial handling and storage of dangerous chemicals, SEVESO II). In 2013, we received the automotive industry's ISO/TS 16949 approval for all of our production plants.

Nokian Tyres' EHSQ targets are laid down in our quality and process development strategy, which is drawn up for a period of five years at a time and updated annually. The production plants' environmental programme annually sets the detailed targets, means, schedules, and persons responsible for achieving the goals that are specified in the strategy. Each unit also has its own projects for developing the operations and processes.

We review the development of EHSQ matters each month during the management meetings. The senior management provides direct feedback to the EHS team as required. The quarterly EHS Global video conferences are intended for discussing the plants' current safety as well as chemical and environmental matters.

Authorities and permits

Nokian Tyres' environmental and safety operations are supervised by several authorities, with the most

important in Nokia being the Pirkanmaa Centre for Economic Development, Transport, and the Environment (ELY), the Finnish Safety and Chemicals Agency (TUKES), the environmental protection and construction supervision units and other offices of the Town of Nokia, and the Tampere Regional Emergency Service. The body in charge of occupational safety is the Pirkanmaa ELY Centre. The most important authorities supervising the Vsevolozhsk factory's operations are the Ministry of Natural Resources and the Environment of the Russian Federation, the Committee on Natural Resources, Environmental Protection, and Ecological Safety of the Leningrad Region, and the Federal Service for Supervision of Consumer Rights Protection and Human Well-Being. The operations of other Nokian Tyres' units are supervised by the national authorities. We maintain continuous dialogue with various authorities in order to take any official requirements and requests into account in a timely manner. We immediately communicate any disruptions, accidents, or deviations from the terms and conditions of our permits to the authorities.

We see official permits as the minimum requirements and regard eco-friendliness as much more than simply complying with the permit limits. We are committed to being a part of genuinely sustainable development. We actively follow the trends in environmental and safety regulations in Finland, the EU, and Russia, and anticipate the effects of pending regulation on our operations.

The Nokia unit has a valid environmental permit that was granted by the Pirkanmaa Regional Environment Centre in 2007. At the end of 2013, Nokian Tyres submitted an application for reviewing its environmental permit conditions to the Regional State Administrative Agency, and the new permit is expected to come into force in 2014. In addition to the chemicals permits from TUKES, the Nokia unit has been granted permission by the Water Court to take

cooling water from the river Nokianvirta. We obtained the numerous permits required for the Russian factory already during its construction and have since maintained them in compliance with the local legislation.

Chemical control operations

The chemical control operations of Nokian Tyres were started in the early 1960s. Our company complies with all the requirements of the EU chemicals legislation aimed at ensuring the safest possible use of chemicals for the employees, environment, and end users. To improve the level of chemical safety and to comply with the REACH directive, we continuously co-operate with component and chemicals suppliers and producers.

We do not use in our own production any chemicals classified as Toxic (T) or very Toxic (T+). Furthermore, we do not use carcinogenic chemicals according to the EU classification. Our contract manufacturers do not use any SVHC chemicals (Substances of Very High Concern) according to the EU REACH directive in our products. All of our products fulfil the PAH related requirements set in the EU REACH directive. We also aim at ensuring that no goods sold at this time or in the future through the Vianor units include any such chemicals. We require all chemicals suppliers to provide a material safety data sheet (MSDS) in compliance with the valid legislation prior to the procurement of chemicals. The MSDSs of the chemicals in use are registered in a database that is made available to our personnel.

Nokian Tyres produces and sells adhesives and paints in Finland that are used by the rubber industry and it imports specific raw materials that are used in rubber compounds. Our company creates MSDSs for these chemicals and submits them to TUKES for verification and registration.

We test new raw materials that are to be used in rubber compounds for quality assurance and suitability in production under laboratory and production conditions in Nokia. We document the raw

materials approved for rubber compounds in a list of approved raw materials. Our procurement staff are only allowed to purchase raw materials that are included in this list of approved materials. The raw materials used by the Russian plant are also tested and approved in Finland.

No booster chemical is taken into use at the Nokia plant before the chemical control team has issued a department-specific usage permit for the substance in question. The team includes the EHS Manager, an environmental engineer, a chemist from the R&D laboratory, and an occupational physician. The purpose of this policy is to streamline the use of chemicals throughout the company and, whenever possible, to replace hazardous chemicals with safer ones. Each year, a chemical survey is carried out at our factory in Russia.

Audits

Regular audits are an important part of our environmental, safety, and quality operations. Their purpose is to guarantee eco-friendliness in production and ensure a safe working environment according to high standards. The audits aim to verify if the operation under scrutiny complies with the legislation, EHSQ policy, and the instructions provided in our activity management system.

We carry out internal environmental and quality audits according to an annual plan. This ensures that each area of activity that is specified in our activity management system is audited at least once every three years. The annual plans are drawn up on the basis of a five-year schedule, taking into account the findings of the previous audits.

An internal safety audit includes an environmental audit and an occupational safety audit. The safety audit looks into machine guarding, fire safety, cleanliness and order, proper handling and storage of chemicals, occupational hygiene, working conditions, and waste management. The audit team also monitors the development of the departments' safety index.

We document the audits in reports, which are commented on by the personnel in charge of the department, and we take corrective measures in order to rectify any deviations. The audits that are carried out are reported to the management, enabling the planning of any new development measures that we deem necessary.

Audits carried out by customers and co-operation partners, such as the automotive industry, are also considered internal audits. The internal audits, furthermore, include the audit that is carried out in conjunction with the weekly management review.

An external auditor performs an audit once a year for assessing compliance with the relevant standards. We supervise legal and regulatory compliance annually or as required by the authorities and insurance companies.

We want to be an industry leader

We want to be an international industry-leader in EHSQ matters. The principle of "A safe company means safe tyres" is an essential part of our company's identity and reputation. Corporate social responsibility is an integral part of the Finnish business culture, and we are not willing to compromise in this respect in our global operations. The awards and excellent reviews that our company and products have received demonstrate that environmental issues, quality, and safety are important for our customers and other interest groups. Therefore, our successful development projects guide the development throughout the industry.

We are a member of FiBS (Finnish Business & Society ry), a non-profit corporate responsibility network. The network's mission is to promote financially, socially and ecologically sustainable business in Finland.

In late 2013, we joined the FiBS-organised Business & Biodiversity programme that provides Finnish companies information and support on comprehensively taking biodiversity into account in

business operations. Among others, the programme includes training sessions in which companies can improve their biodiversity competence and receive support from outside experts. The aspects of

maintaining biodiversity are not new to our business, as we have tracked the operations at our locations, including our test centre in Ivalo. We want to do our part in maintaining the full diversity of nature for future generations.

Functional and safe production

We improve our EHSQ operations comprehensively in co-operation with the personnel, occupational health care, authorities, and experts. Our goal is to ensure a safe and efficient work environment that takes into consideration the physical, mental, and social well-being of our personnel. Our personnel actively participate in the voluntary, further development of occupational safety, processes, and environmental issues.

We improve our EHSQ operations comprehensively in co-operation with the personnel, occupational health care, authorities, and experts. Our goal is to ensure a safe and efficient work environment that takes into consideration the physical, mental, and social well-being of our personnel. Our personnel actively participate in the voluntary, further development of occupational safety, processes, and environmental issues. We work towards our goals with department-specific environmental and safety programmes, continuous auditing, and risk management surveys, for example. They form the outset for the systematic induction and training of our personnel. We provide training on working ability and ergonomics, chemical safety, and minimising fires and other risks.

1. Buying and reception of raw materials

Raw materials for tyres include natural rubber, synthetic rubber, soot, various chemicals, and reinforcing materials. We buy these raw materials from around the world, but mainly from Europe, Asia, and Russia. From Finland we get, for example, rapeseed oil that is used in production. Some 50% of our raw materials are oil based. Each batch of raw materials is tested in our laboratory before it is used in a rubber mixture. Raw material costs comprise nearly 30% of the manufacturing turnover and some 50% of the production costs. We only use non-toxic raw materials in tyre manufacture.

We also have in place a technology policy that supports the achievement of our goals. We invest in the most advanced production technology possible in order to prevent harmful impacts on safety and the environment.

With a number of initiatives at the Nokia factory, we aim to improve the safety culture and halve the number of accidents in five years.

This is how our production works!

Natural rubber and other raw materials travel a long and interesting way to finished premium tyres. It comprises thousands of hours of work, expertise, professional skill, and inventiveness. The tyre manufacture process has six main parts: buying and reception of raw materials, mixing, component manufacture, assembly, curing, and inspection. Furthermore, the storage, transportation, and retail sales of tyres are important for successful operations.



2. Mixing

In the early stages of production, we follow specific recipes to process the raw materials into rubber compounds that we then use in the manufacture and rubber-coating of tyre components. We test each 200-kg mixing batch in our laboratory before we put it into use. The recipes for the compounds depend on the intended properties of the tyre. Different components require different kinds of rubber compounds.



3. Component manufacture

In component manufacture, we use rubber compounds, textiles, and wires to make various treads, body plies, and the inner lining, bead, core, sidewall, sidewall wedge insert, and steel belt of the tyre. Most of the components are reinforcements, and one tyre may include 10 to 30 different components.



4. Assembly

The assembly machine begins to shape the tyre by assembling the components into the carcass and belt package. The carcass side of the assembly machine assembles the inner surface and the sidewall of the tyre and uses reinforcement ply as necessary. The belt side assembles the so-called 'tread package', which comprises the steel belt and surface rubber. Then, the machine mounts the cables, turns the sidewalls and rolls the tread package on the carcass package. This results in a green tyre, which is still soft and shapeable.



5. Curing

The assembled green tyres are placed into a curing press, in which the high steam pressure of the curing pad presses the green tyre against the heated mould. The tyres are cured at around 170 degrees Celsius for 8–20 minutes depending on the tyre size. Heavy mining tyres are cured for more than 7 hours. Curing vulcanises the rubber and provides the tyre with the intended properties, such as the tread pattern, sidewall markings, airtightness, grip that affects handling, and low tyre noise. The production of heavy tyres is similar to that of car tyres, except for the curing time.



6. Inspection

After curing, we inspect all car tyres visually and by a machine. As far as we know, Nokian Tyres is the only manufacturer that inspects every tyre it produces this way. Tyres require a flawless tread pattern, pure raw materials, and an undamaged, symmetrical structure. Our trained operators inspect the tyre for flaws visually and by feel. Then, the tyre is pressurised in a testing machine and spun to inspect the roundness as well as lateral and radial force variation.



7. Sale, studding, storage, and shipping

The tread of a finished tyre is labelled by machine with the basic tyre information: name, size, load-bearing capacity, speed rating, product code, and EAN code. Specific tyres are studded, and then all tyres are stored. We have our largest warehouses and distribution centres in Nokia, Vsevolozhsk, Ejpovice, and North America, but we have several smaller warehouses in our other important markets. Our tyres are sold in more than 60 countries by our in-house sales organisation and thousands of client companies. The delivery times range from 24 hours to four weeks. Successful seasons are essential for our business.

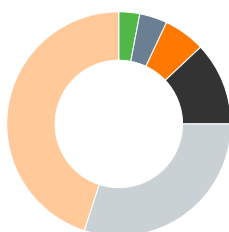


8. Good service ensures satisfied customers

At the end of our supply chain, the sales personnel of Vianor and other retailers find the right product for each customer, taking into account the customers' type of car and driving habits, among other things. We use internal testing as well as independent external testing to ensure the excellent safety and world-class innovations of our tyres. This allows the salesperson to communicate openly and stand by the product that he or she is selling. Vianor plays an important part in product sales and the management of the season. In addition, direct contact with the consumer provides us with valuable information about the hopes and needs of our end-users. We want the users of our products and services to be very satisfied.

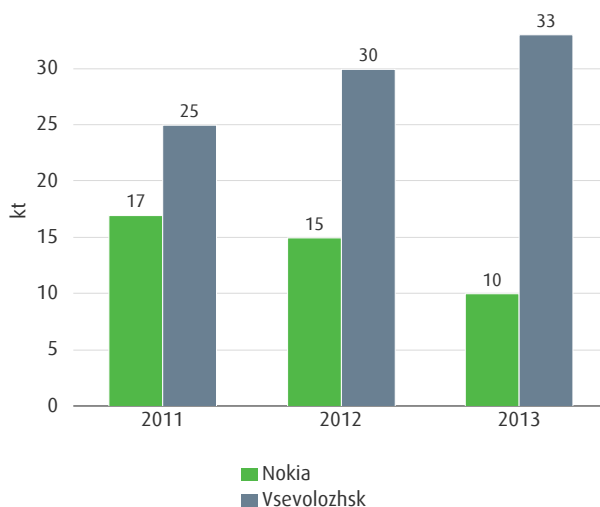


Raw material composition of rubber compound



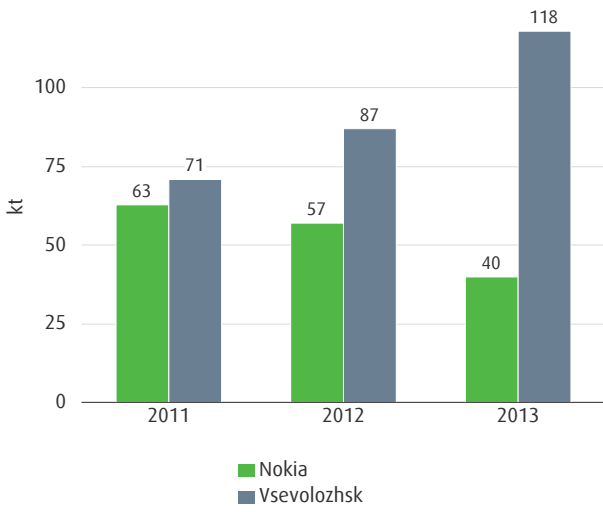
- Protective agents **3%**
- Booster chemicals **4%**
- Vulcanising agents **6%**
- Plasticiser **12%**
- Filler substances **30%**
- Rubber **45%**

Raw materials
Renewable raw materials

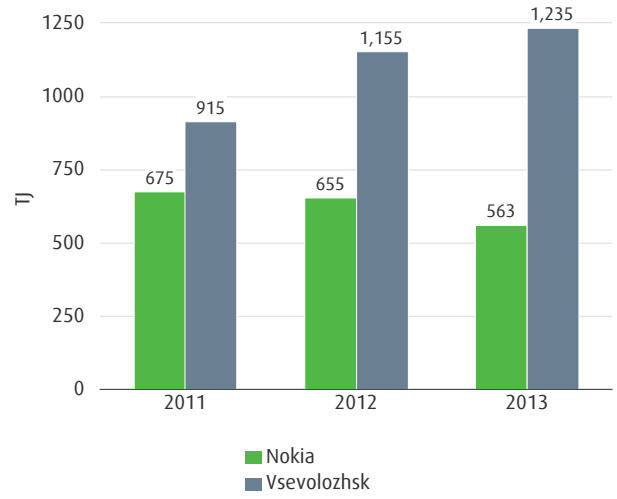


Raw materials

Non-renewable raw materials

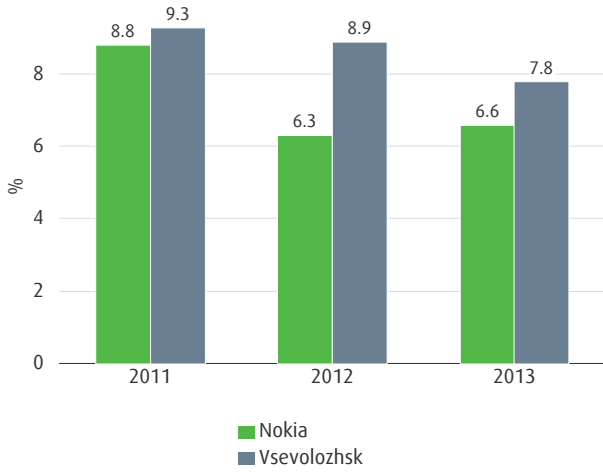


Energy consumption within the organization

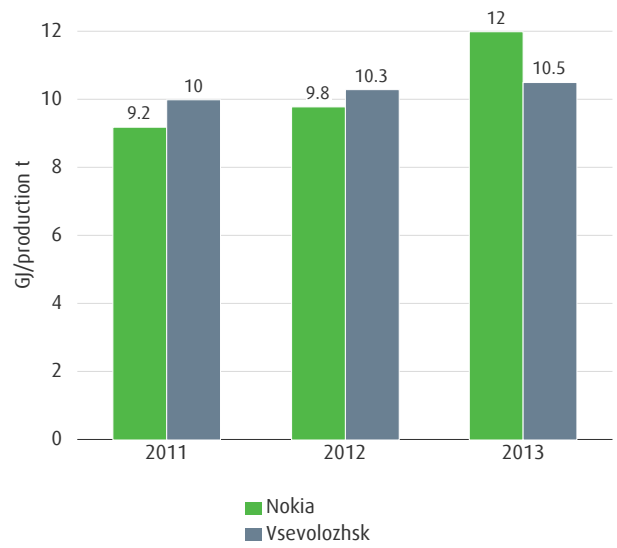


Raw materials

Percentage of materials used that are recycled input materials



Energy intensity



[You can find more information on personnel safety and our accident statistics under the section "Good HR management"!](#)

Environmental impact of tyre plants

We aim at managing the environmental impacts of our products over their entire life cycle and addressing the safety and quality aspects of our operations in a comprehensive and systematic manner.

Environmental impact of tyre plants

The environmental impacts caused by the production of vehicle tyres include odour, solvent and dust emissions, noise, waste, and consumption of energy. The most significant of these impacts are waste and, locally, odour. Solvent emissions (i.e. VOC emissions) are also a significant impact of the Nokia plant. In compliance with our company's EHSQ policy, we strive for zero tolerance in terms of faults in all areas of EHSQ.






We document the environmental impacts of our tyre plants in annual records and report them to the

authorities as required in each country of operation. The Nokia plant has a separate register for the environment-related feedback received from the residents of the neighbourhood and the plant personnel. Our goal is to handle environmental matters so effectively that people have no cause for complaints or comments. We have achieved this goal for several years. In the Vsevolozhsk plant, there is no need for registering neighbourhood feedback because the plant is situated far away from residence. Still, we use the same standards there as we do in Nokia.

Environmental impact of tyre plant in Nokia, Finland

<p>SOLVENT EMISSIONS VOC 73.71 t/a </p>	<p>PARTICLE EMISSIONS < 1.5 t/a</p>	<p>CO₂ 3,626 kg CO₂eq/production (t)</p>	<p>NOISE < 50 dB Odour</p>
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<p>INPUT:</p> <ul style="list-style-type: none"> • Energy 156.4 GWh  • Water <ul style="list-style-type: none"> Municipal 204 m³/d  River Nokianvirta 20,900 m³/d  • Raw materials <ul style="list-style-type: none"> Chemicals 20,200 t  Rubber 23,400 t Semi manufactured goods 7,400 t 		<p>PRODUCTS:</p> <ul style="list-style-type: none"> • 46,900 t tyres and tread materials 
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<p>WASTE:</p> <ul style="list-style-type: none"> • non-utilized (landfill) 106 t  • utilized 5,000 t  • hazardous 175 t  	<p>WATER:</p> <ul style="list-style-type: none"> • into the sewage 450 m³/d  • into the Nokianvirta river ~ 20,700 m³/d 
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  In comparison with 2012

Environmental impact of tyre plant in Vsevolozhsk, Russia



In comparison with 2012

Emissions into the air

Volatile Organic Compounds, VOC

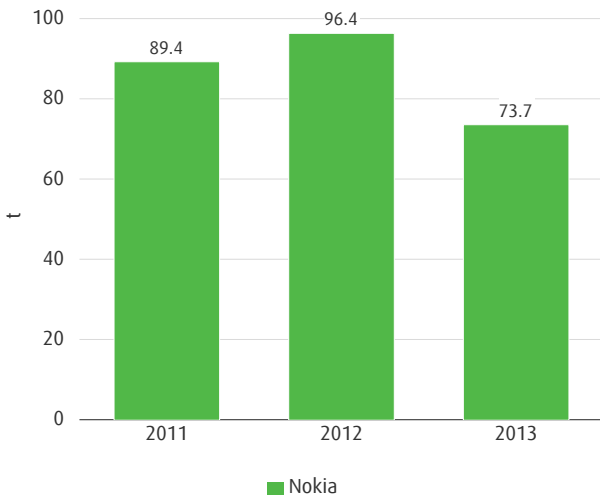
Solvents or volatile organic compounds (VOC) constitute the most significant emissions into the air. Solvents are used in the production of heavy tyres and treads for improving adhesion. Since 2012, we have not used any solvents in the production of passenger car tyres. Our company collects the VOCs from tread production and conveys them to a catalytic incineration plant. In 2013, our solvent emissions amounted to 73.7 tonnes, equalling 1.6 kg/tonne of products. The environmental permit of the Nokia plant allows for 68 tonnes of emissions; in other words, we exceeded the permit limit.

Our company aims at compliance with the total emission limit according to the EU’s VOC directive, which is 25% of the solvents used. However, in 2013 our emissions were in excess of the directive’s emission limit, at 49%.

The main challenges in collecting and processing VOC emissions in heavy tyres’ production include the wide areal spread of the emissions from separate machines in the heavy tyre plant building and the cyclical nature of the emissions. Due to the structure of the production machinery, it is difficult to collect emissions for processing. We conducted tests in 2013 in order to find out the most efficient ways to collect the emissions.

We have approved the investment for the incineration plant, which will be implemented at the end of 2014, at the latest. The new incineration plant will treat emissions from heavy tyres and tread production. With this technology, we will fulfil the legal obligations concerning VOC emissions.

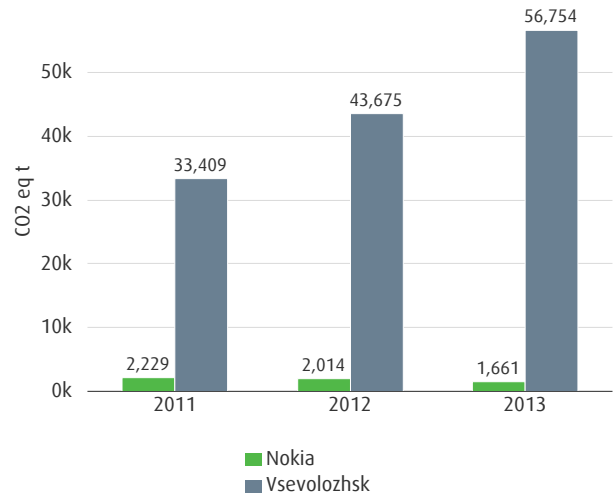
Other significant air emissions, VOC emissions



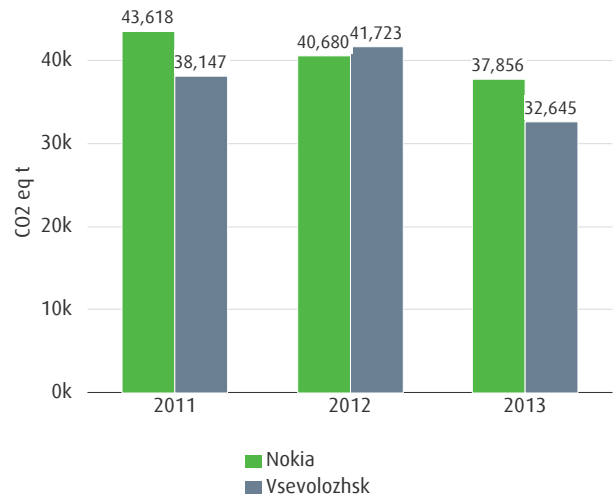
Carbon dioxide, CO₂

In 2011, we developed a CO₂ calculator for tyre production. Our calculations were carried out as a greenhouse gas assessment with the “cradle-to-gate” approach by following the PAS 2050 guidelines. Now, we use this calculator annually for assessing the emissions. Further development of the calculations is still needed: for example, not all other indirect CO₂ emissions (so-called scope 3 emissions) are currently evaluated.

Direct green-house gas emissions (Scope 1)

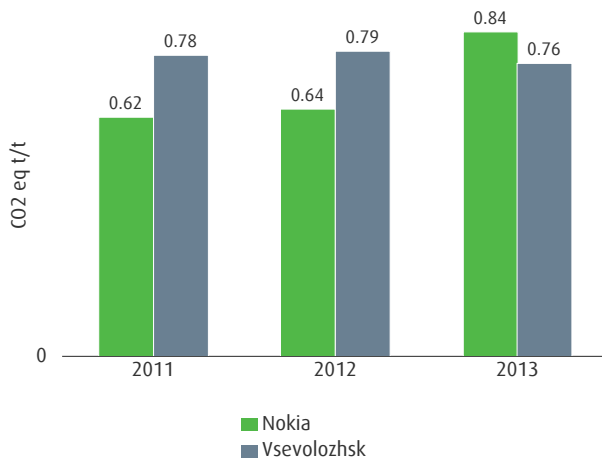


Indirect green-house gas emissions (Scope 2)



Greenhouse gas emissions intensity ratio

Scope 1 + Scope 2/production tonne



Odour

According to surveys commissioned by Nokian Tyres, odour emissions are momentary. The mastication process for softening natural rubber causes discharges of compounds that are generated during the precipitation and dehydration phases of rubber milk, which results in an unpleasant odour in the neighbourhood. We use droplet separators for reducing the odours from mastication. We have also achieved a reduction of odours due to a decreased

amount of separate mastication processes. Some odours are generated during the tyre curing process. The quantity of the curing fumes released during the process is directly proportional to the quantity of cured rubber. The concentrations of individual substances in the fumes are extremely small. Currently, there is no cost-efficient system available for collecting and processing the curing fumes.

Particle emissions (dust)

Particle emissions are caused by the processing of powdery chemicals in the compound mixing department. We have replaced dust filters and selected state-of-the-art dust reduction technology for the expansion of the mixing plant. Our mixing equipment is fitted with efficient ventilation and dust collection devices. The best separating rates achieved by the water cleaners exceed 99%. We monitor particle emissions by means of particle concentration

and differential pressure gauges. In addition, external specialists carry out regular concentration measurements. The measured particle concentrations have complied with the permit limits at both production plants. The dust that passes through the filter system mainly causes an aesthetic inconvenience and poses no harm to the environment or human health.

Noise

The environmental permit of the Nokia plant requires that the noise level in the yard areas of residential buildings remain below the equivalent continuous level of 55 decibels (L_{Aeq}) in the daytime. At night, the limit is 50 dB (L_{Aeq}). The figures refer to L_{Aeq} decibels, or in other words the mean noise level as detected by the human ear. According to the newest noise survey carried out by an external specialist in 2013, the 50 dB noise zone barely extends to the old residential area on the southeastern, eastern, and

northeastern sides of the plant. We did not receive any noise complaints in 2013. The permit limit for the Vsevolozhsk plant is 50 dB at a distance of 300 metres from the plant. In the latest measurements, the actual noise level was 45 dB.

Our zero tolerance objective applies to all environmental emissions. In 2013, there were no accidental emissions to the water or soil at our tyre plants. The Nokia plant received no specific complaints concerning environmental emissions. We did, however, get one anonymous feedback concerning dust and odour emissions in general.

Waste

Waste is generated both in the production and support functions. We keep department-specific files for monitoring the generation of production waste. The generated waste is sorted at the plant according to separate waste management instructions. Most of the production waste is taken directly to specific

locations for utilisation without any intermediate storage. Hazardous waste is stored separately at collection points in containers marked with warning labels. The waste generated can roughly be divided into three categories: landfill waste or non-recycled waste, utilized waste, and hazardous waste.

Waste utilization

Waste that is suitable for utilisation or recycling is sorted at the point of origin and collected in separate, labelled containers. The recycling volumes are growing rapidly in our Russian plant: in 2011, the recycling rate was 64% of the generated waste, while in 2013 it was as high as 80%. At our Nokia plant, the recycling rate is approximately 94%.

Scrap tyres – i.e. tyres that do not meet our high standards of quality – are routed for utilisation directly from production. This is handled in Finland by Finnish Tyre Recycling Ltd. and in Russia by three partner companies.

Non-vulcanised scrap rubber is generated in the production stages preceding vulcanisation or curing. The non-vulcanised scrap rubber can be divided into two categories: compound mixing waste (scrap

rubber) and other non-vulcanised rubber waste. The compound mixing waste that is suitable for use in compounds is separately collected on platforms and reused as raw material. Reuse applications for rubber include products with non-critical material requirements, such as impact padding and conveyor belts.

The sources of plastic waste include packaging materials and the plastic used for separating materials in the production departments.

We send wooden packages and pallets for reuse, energy generation, or composting. Our aim is to reuse pallets as long as they are in good condition. The main source of scrap wood is the raw material storage as much of the raw materials arrive at the plant on wooden pallets or in wooden boxes.

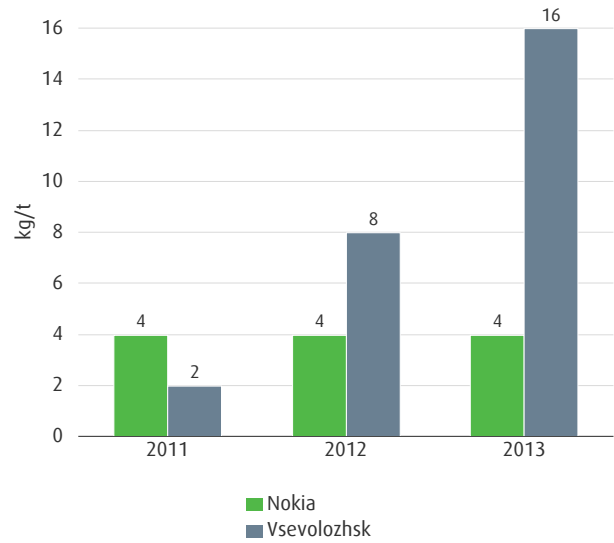
We mainly obtain scrap iron and steel from discarded machinery and equipment. We also recycle waste paper and cardboard and deliver biodegradable waste for composting.

The total amount of recycled waste in 2013 was 4,955 tonnes in Nokia and 10,935 tonnes in Vsevolozhsk.

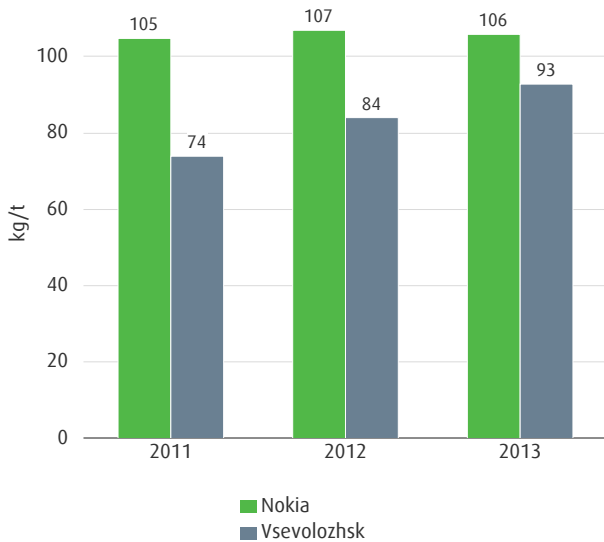
If wastes cannot be recycled as material, we dispose of them as energy waste.

A total of 188 tonnes of waste usable in energy production was generated at our Nokia plant and 1858 tonnes in Vsevolozhsk.

Energy waste



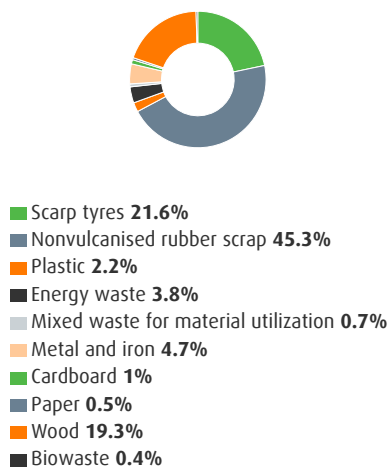
Utilization



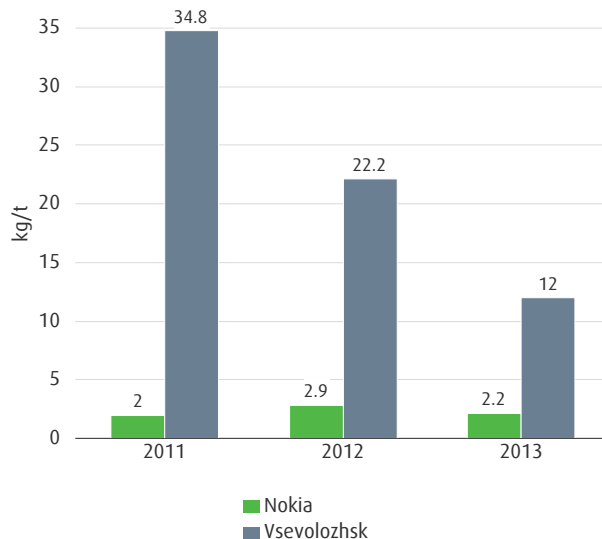
Landfill waste

Mixed waste that cannot be utilised or recycled is taken to a landfill. A total of 106 tonnes of landfill waste was generated at our Nokia plant and 1,410 tonnes in Vsevolozhsk.

Distribution of utilized wastes, Nokia 2013



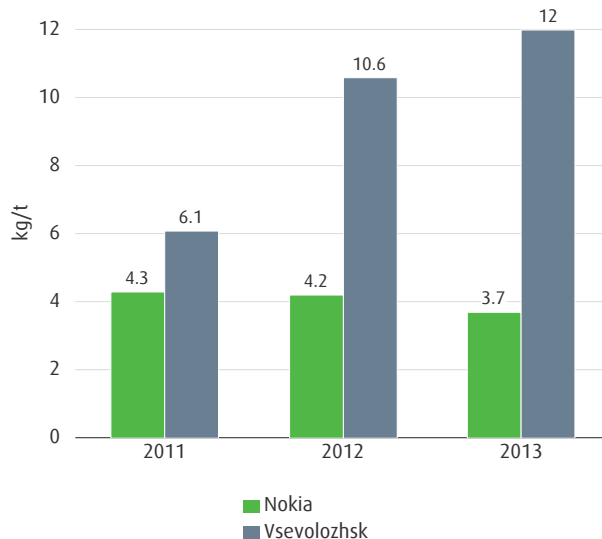
Landfill



Hazardous waste

We deliver all hazardous waste to an authorised processing plant. In 2013, a total of 175 tonnes of hazardous waste was generated at our Nokia plant and 1,406 tonnes in Vsevolozhsk. Roughly half of this is blade seal oil from compound mixing machines (so-called box grease). The consumption of these oils is directly dependent on the manufactured rubber volumes. Other types of waste classified as hazardous include oily waste, waste chemicals, waste oil, fluorescent tubes, and batteries.

Hazardous wastes



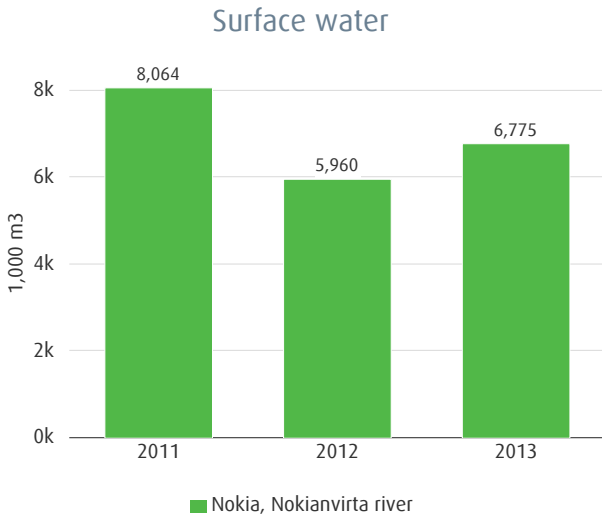
Wastewater and cooling water

Large amounts of water are used for cooling in the tyre manufacturing processes. Our Vsevolozhsk plant uses municipal water for cooling. The Nokia plant takes cooling water from the nearby Nokianvirta river and discharges it back into the river after use. The cooling water has no contact with chemicals at any stage and, therefore, is not contaminated when it

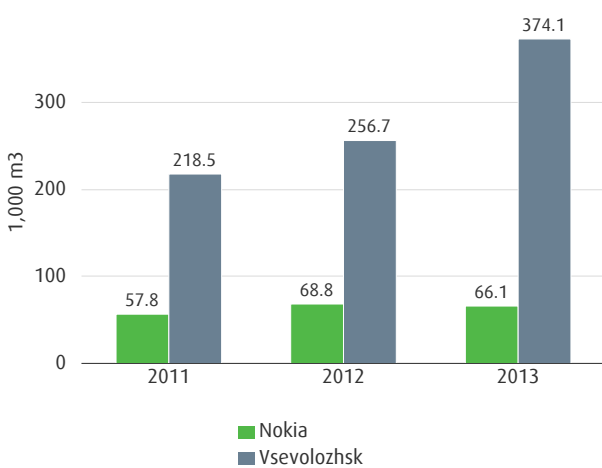
returns to the river. The consumption of cooling water depends on the temperature of the river water, which makes it impossible to set a numeric target for it.

Wastewater from the plant is conveyed to the municipal treatment plant of the town of Nokia. The amount of cooling water discharged into the river and wastewater discharged into the municipal sewerage are shown in the adjacent graph.

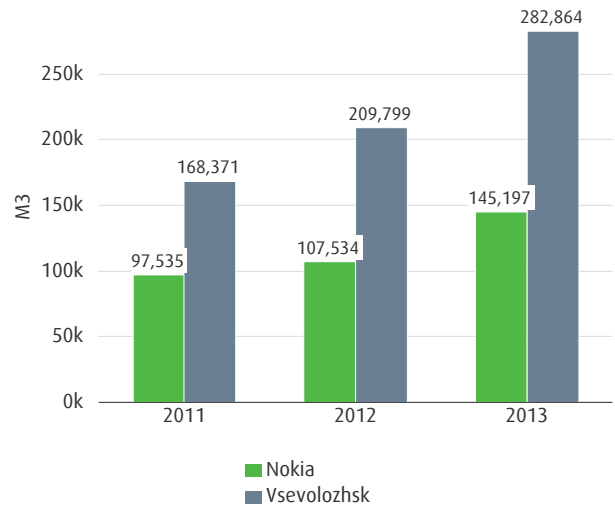
Total water withdrawal by source



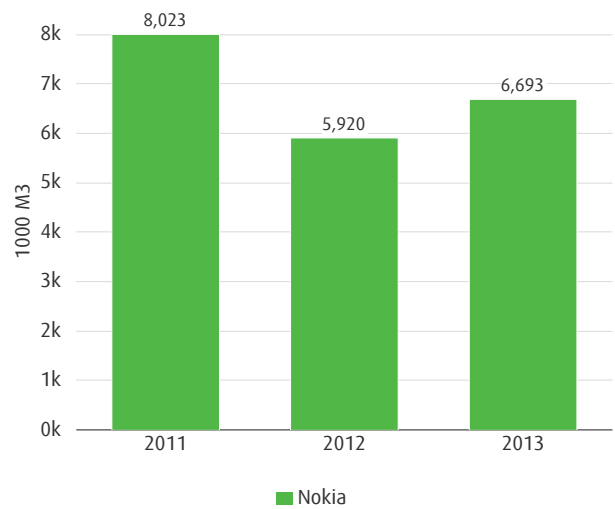
Total water withdrawal by source: Municipal water



Water discharge Sewage (Municipal)



Total water discharge Nokianvirta (cooling water)



We take samples annually from the cooling water that is discharged into Nokianvirta as well as the wastewater that is conveyed to the municipal treatment plant in order to verify the water quality. The water pumped into the town of Nokia's sewerage system is fairly typical sanitation water. The water from all of the cooling water drains has been

practically clean. No analysable amounts of oil or solvents or any other indications of effluent load were detected in 2013. Our Vsevolozhsk plant also regularly analyses the wastewater it discharges into the sewerage.

Continuous improvement

We have several ongoing waste reduction projects in various production departments. In recent years, our focus has shifted from one-off waste projects to continuous improvement efforts. We weigh production waste (non-vulcanised scrap rubber) separately for each category and enter the data into a database by using a bar code scanner. We use this database for monitoring the generated daily amount of waste per each category, which enables taking

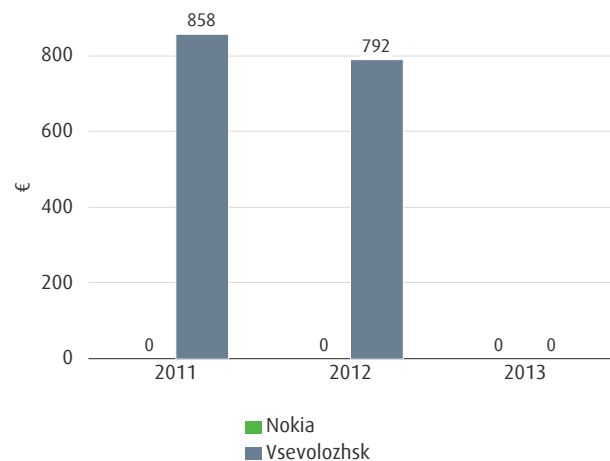
immediate measures if we detect any deviations. By utilising online reporting, the total amount of waste and the six most significant sources of waste are now reported each morning during the production staff meeting, instead of the previous monthly reports. The amount of waste is one of the key indicators monitored daily by the management, and appropriate improvement measures are expected of production supervisors for lowering the volume of waste.

Environmental costs

Environmental costs comprise the expenses and investments that are related to air, soil, and water protection, waste management, management of environmental issues, and noise reduction. The table below presents our environmental administration costs, emissions processing costs, and the paid monetary compensation in relation to environmental permits and legislation. In 2013, our Vsevolozhsk factory was fined for exceeding the storm water emission limit.

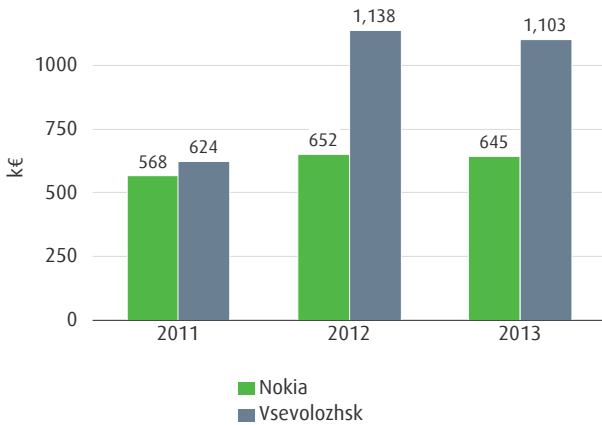
Total environmental protection expenditures

Monetary value of significant fines



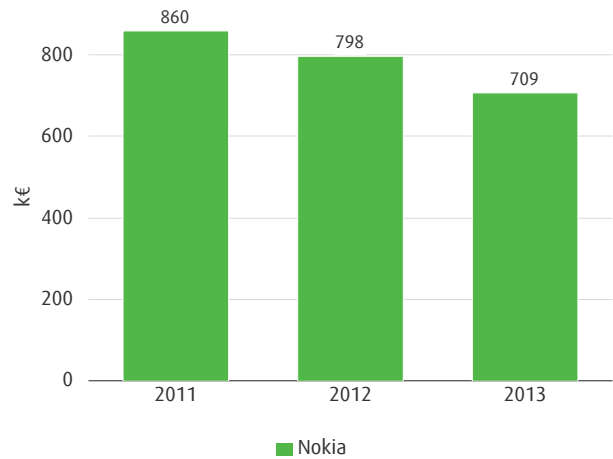
Total environmental protection expenditures

Waste disposal, emission treatment and remediation



Total environmental protection expenditures

Management costs



Key measures in 2013

A summary of the most significant targets of Nokian Tyres' 2013 environmental programme and their implementation and targets for the year 2014 are presented in the adjacent table.

Object	Target in 2013	Status in 2013	Explanation/outcome
Statutory requirements	Implementation according to Nokian Tyres' environmental programme and legislation	Completed according to plan	
Environmental permit	Compliance with the permit conditions	In compliance except for VOC emissions	VOC emissions were 49% of the used solvent volume (the limit is <25%)
VOC emissions	Progress in compliance with Nokian Heavy Tyres' project plan	The project continued as planned	
Greenhouse gas emissions	Creating a plan for reducing the emissions	Ongoing	Continued in 2014 due to the extent of the issue
Energy	Updating the energy saving plan and implementing the first measures	Implemented	

Waste management	Updating the waste management plan and implementing the waste management projects according to the environmental programme	Implemented	
Chemical safety	Official audit by TUKES	Implemented	
Safety audits and monitoring the use of chemicals	2 audits/department		
Materials development	Ensuring that no Substances of Very High Concern as referred to in REACH are contained in the products	Implemented	No Substances of very High Concern are used in production
Increasing environmental awareness among the personnel	According to the plants' environmental programmes	Implemented	Training at the mixing department, articles in every internal magazine

Key measures in 2014

Object	Target in 2014
Statutory requirements	Implementation according to the Nokian Tyres' environmental permit and legislation
Environmental permit	Compliance with the permit conditions
VOC emissions	Progress in compliance with Nokian Heavy Tyres' project plan: procurement and commissioning of a new incinerator
Energy	Creating an energy analysis (Motiva's model) and the related action plan
Environmental risks	Updating the environmental risk assessment (Nokia)
Wastewater	Reducing pollutants in wastewater (Vsevolozhsk)
Chemical safety	New programme for material safety data sheets; ensuring the safe use of trial chemicals
Safety audits and monitoring the use of chemicals	2 audits/department
Materials development	Ensuring that no Substances of Very High Concern as referred to in REACH are contained in the products
Increasing environmental awareness among the personnel	According to the plants' environmental programmes

Other units

The units of Vianor comply with the applicable regulations in each country of operation. We sort waste and deliver it for reuse or recycling whenever

technologically and economically feasible. The most significant environmental impacts of Vianor units are waste and energy consumption. In addition, the sales companies take into account the efficiency of product transportation.

Your tyre selection matters – the environmental effects of tyres

Everything that you see when you look around has been transported on tyres at least once. What kind of tyres do you yourself use to get somewhere each day? Most of a tyre's environmental impacts are generated during use. We take responsibility for the environmental impacts of our operations and our products throughout their lifecycle.

The right tyre choices reduce the environmental impact

Tyres make the world go round – everything that we see when we look around has been transported on tyres at least once. We need tyres for transportation several times each week, and everyday life as it is today would not be possible without tyres. What kind of tyres do you yourself use to get somewhere each day?

The use of fossil fuels, gasoline, and diesel fuel comprise approximately three fourths of human

carbon emissions. Carbon dioxide is the most significant greenhouse gas that is generated by traffic. When a tyre rolls against the road surface, the generated friction is called the rolling resistance. The higher the rolling resistance is, the higher the fuel consumption. Therefore, the tyre has a direct influence on fuel consumption and traffic emissions. Fuel consumption during driving is the single most significant environmental effect during the use of a tyre. The right tyre choices lower fuel consumption and reduce the amount of carbon dioxide released into the air. The determined long-term development carried out by Nokian Tyres has strongly emphasised the reduction of the rolling resistance.

Your tyre choice affects

We all can influence our surroundings and the world by seemingly minor choices.

Your tyre choice matters	What you can do	What we are doing
<p>Your safety</p> <ul style="list-style-type: none"> • The safety of everyone in your car as well as other people on the road <p>Your well-being</p> <ul style="list-style-type: none"> • Driving comfort and peace of mind • Noise levels in your car and the surrounding environment • Quantity and quality of road dust <p>Your finances</p> <ul style="list-style-type: none"> • Fuel consumption per every kilometre • Wear resistance of tyres • Condition and durability of roads <p>You can also influence</p> <ul style="list-style-type: none"> • Raw material consumption • Overall consumption of energy and fuel • Amount of waste <p>Your choices influence your surroundings and the world!</p>	<p>Demand</p> <ul style="list-style-type: none"> • Tyres with the best safety innovations • Tyres that are quiet • Tyres that have been manufactured without any toxic or carcinogenic chemicals • Tyres that have been manufactured by only using purified, low-aromatic oils • Information about the raw materials used in your tyres, tyre makers' working conditions, and the environmental impacts of tyre production <p>Drive wisely and rotate your tyres</p> <p>You can lower your fuel consumption by up to 0.3–0.5 litres per one hundred kilometres by regularly checking your tyre pressure and selecting tyres with low rolling resistance. To further extend the safe life of your tyres, rotate them mid-season.</p> <p>Recycle</p> <p>The raw materials that have been used in your tyres deserve a second life. What you no longer need can be used elsewhere.</p>	<p>On the frontline of safety</p> <p>Our uncompromising product development and testing result in technical innovations that improve the properties of tyres and increase the safety, comfort, and eco-friendliness of driving.</p> <p>Quiet tyres</p> <p>After fuel consumption, tyre noise is the second most significant environmental effect during the use of a tyre. Our tread patterns feature a number of noise-reducing innovations. The placement of tread blocks, new types of tread compounds, protrusions in longitudinal grooves, and noise cavities all reduce tyre noise.</p> <p>Clean raw materials</p> <p>We were the world's first tyre manufacturer to introduce a manufacturing method that only uses purified, low-aromatic oils. In order to improve grip in icy and wet conditions, we use a renewable raw material – canola oil – in our compounds.</p> <p>Transparent operations</p> <p>We monitor all of our operations with sustainable development in mind. All of our raw material suppliers go through the same stringent process. In accordance with our purchasing policy, our product procurement process includes determining the suppliers' commitment to environmental issues. We require that our contract partners commit to our principles. Transparency also means fostering a spirit of fairness and enthusiasm in our work community, and being a good neighbour.</p>

Rolling resistance impacts the environment as well as your finances

The rolling resistance of tyres may differ greatly. A nearly 40% difference in rolling resistance transforms to an approximately 6% difference in fuel consumption. Therefore, the right tyre can save the environment and money. With the current fuel prices, a tyre with a more economic rolling resistance can save nearly 300 euro over a driving distance of 40,000 kilometres. A wise choice of tyres and a careful driving style also help to significantly reduce the CO₂ emissions that are generated during driving.

Rolling resistance means the energy consumed by the deformation during the road contact of the tyre. This deformation, and the amount of energy it requires, can be influenced with structural and material choices in tyre design. Examples of factors that increase energy consumption include the tyre temperature, tyre pressure, load index and tyre wear, as well as air resistance and turbulence due to the driving speed. Furthermore, a 0.5-millimetre water layer may increase rolling resistance by 50%.

Rolling resistance affects the environment throughout the tyre's useful life. Light rolling corresponds to lower fuel consumption and CO₂ emissions. Rolling resistance is measured in terms of a rolling resistance coefficient: the greater the coefficient, the heavier the tyre rolls. The average rolling resistance value for contemporary tyres varies from 1 to 1.2.

Only about 20–30% of the energy in fuel can be used to move a vehicle. This energy is used in accelerating and braking, but also in overcoming rolling resistance and air resistance.

Tyre lifecycle

Lifecycle refers to the different stages a product undergoes from manufacture to use and to removal from service or, in other words, from raw material to waste. The lifecycle of a tyre begins from a

caoutchouc tree in the southern hemisphere, in Indonesia or Thailand, for example. The lifecycle spans the manufacture of raw materials and products, storage, and several rounds of transportation. The tyre's actual lifecycle ends, for example, when the tyre is crushed and used in land construction.

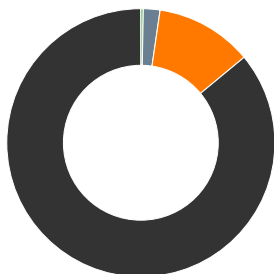
The lifecycle can be roughly divided into four parts:

1. Procurement and manufacture of production inputs such as raw materials and energy
2. Tyre manufacture
3. Use of tyre
4. Utilisation of used tyres.

The outset for our environmental protection is the lifecycle approach. This means that we take responsibility for the environmental impacts of our operations and our products throughout their lifecycle. In accordance with our purchasing policy, our product procurement process includes determining the suppliers' commitment to environmental issues. In 2013, 67% of our raw material suppliers had the ISO14001 certification. All contract partners, such as contractors and subcontractors, must be committed to Nokian Tyres' principles.

Most of a tyre's environmental impacts are generated during use. The single most important factor is the vehicle's fuel consumption. Fuel consumption can be reduced by lowering the tyre's weight and rolling resistance, thereby reducing the exhaust fume emissions and the formation of greenhouse gases. However, the most significant factor affecting the level of exhaust fume emissions is driving style. Economic driving can generate 10–20% savings in fuel consumption.

Distribution of environmental impacts over a tyre’s lifecycle



- Transportation **0.3%**
- Discarding **2%**
- Raw material and tyre production **11.7%**
- In-use environmental impacts (automotive fuel consumption 75,2) **86%**

INPUT	PRODUCTION	USE	END OF LIFE
Raw materials ●●●	VOC ●●	Fuel consumption ●●●	Impacts on scenery ●
Energy ●●	Particles ●	Tyre noise ●	Tyre incineration ●
Water ●	Odour ●	Impacts on terrain ●	Utilisation of used tyres ●
	Noise ●	Road erosion ●	Retreading ●
	CO ₂ ●	Tyre particles ●	
	Utilized waste ●		
	Hazardous waste ●		
	Landfill waste ●		
	Cooling water ●		

●	Low
●●	Moderate
●●●	Substantial
■	Global
■	Regional
■	Local

Where do tyres end up after use?

Approximately 3.5 million tonnes of used tyres are discarded each year in Europe. The upside for the environment is that the tyres are not worthless and can serve various reuse or recycling applications. They can be used to build noise barriers on motorways or to form a component in the sub-course of a horse-back riding arena for increasing its elasticity.

If tyres are not appropriately recycled, they will end up in nature or pile up in people’s garages. In 1995, Nokian Tyres and other companies in the tyre industry established the Finnish Tyre Recycling Ltd in order to promote the centralised collection and utilisation of

tyres nationally. The recycling rate of tyres in Finland, close to 100%, is quite high in comparison with many other countries. For all of Europe, for example, the figure is 85%, and non-recycled tyres are taken to landfills. In Russia, the recycling rate of tyres is generally low in all areas. Nokian Tyres is involved in various discussions to develop recycling in Russia.

Most of the recycled tyres are utilised for their material; they are crushed or granulated to replace rock materials in various highway construction and civil engineering applications. One of the best ways to recycle tyres is to retread them. If the carcass of a tyre is undamaged, it can be retreaded – up to two or

even four times for bus and truck tyres. Another way to utilise recycled tyres is to combust them for energy, as the thermal value of tyres is close to that of oil. New ways to recycle and utilise tyres are constantly being sought.

Nokian Tyres GRI Content comparison

Indicator G4	Content	CORE	WHERE TO FIND?
	Strategy and analysis		
G4-1	Managing director's review	X	From the President and CEO
	Organizational profile		
G4-3	Name of the organisation	X	Nokian Tyres in brief
G4-4	Most important trademarks, products and services	X	Nokian Tyres in brief
G4-5	Location of the organisation's head office	X	Nokian Tyres in brief
G4-6	Area of operations	X	Nokian Tyres in brief
G4-7	Operational structure of the organisation	X	Nokian Tyres in brief
G4-8	Market areas	X	Nokian Tyres in brief
G4-9	Size of the reporting organisation	X	Nokian Tyres in brief
G4-10	Total number of employees by employment contract and gender	X	Good HR management
G4-11	Percentage of total employees covered by collective bargaining agreement	X	Good HR management
G4-12	Organization's value chain	X	Value chain
G4-13	Significant changes to the size, structure, or ownership structure of the organisation	X	No significant changes during the accounting period.
G4-14	Precautionary approach or principle addressed by the company	X	http://www.nokiantyres.com/company/investors/corporate-governance/mechanisms-of-internal-control--internal-audit-and-risk-management/
G4-15	Commitment to external corporate social responsibility initiatives	X	Important to us
G4-16	Memberships in organisations	X	Important to us

	Identified material aspects and boundaries		
G4-17	Ownership structure and form of company	X	http://www.nokiantyres.com/company/about-us/
G4-18	Defining the report content and aspect boundaries	X	Important to us
G4-19	Material aspects	X	Important to us
G4-20	Aspect boundary within the organization	X	Important to us
G4-21	Aspect boundary outside the organization		Important to us
G4-22	Causes for and impact of information deviating from previous reports	X	Important to us
G4-23	Most important changes to the scope of the report, its delimitations or measurement methods	X	Important to us
Stakeholder engagement			
G4-24	Stakeholders of the organisation	X	Stakeholder work
G4-25	Definition and selection criteria for stakeholders	X	Stakeholder work
G4-26	Principles of stakeholder activities	X	Stakeholder work
G4-27	Topics brought up by stakeholders	X	Stakeholder work
Report profile			
G4-28	Reporting period	X	Important to us
G4-29	Time of publication of the previous report	X	Important to us
G4-30	Report publication frequency	X	Important to us
G4-31	Contact information	X	Nokian Tyres in brief
G4-32	GRI content comparison	X	
G4-33	Verification		The report has not been validated by an external auditor.

	Governance		
G4-34	Governance structure of the organisation	X	http://www.nokiantyres.com/company/investors/corporate-governance/
G4-48	Highest governance body approving organization's sustainability report		Top management approves sustainability report annually.
	Ethics and integrity		
G4-56	Organization's values, principles and standards	X	Hakkapeliitta Way
	G4 specific standard disclosures		
	Economic		
G4-DMA	Disclosure of the Management approach	x	Finance
G4-EC1	Produced and distributed direct financial added value		Profitable but sustainable growth
G4-EC8	Key indirect financial impacts and their scope		Effects on society
	Environmental		
G4-DMA	Disclosure of the Management approach	x	EHSQ Policy
G4-EN1	Materials used by weight or volume		Environmental impact of tyre plants
G4-EN3	Energy consumption within the organization		Environmental impact of tyre plants
G4-EN8	Total withdrawal by source		Environmental impact of tyre plants
G4-EN15	Direct greenhouse gas emissions		Environmental impact of tyre plants
G4-EN16	Indirect greenhouse gas emissions		Environmental impact of tyre plants
G4-EN21	Nitrogen and sulphur dioxide emissions and other significant emissions		Environmental impact of tyre plants
G4-EN22	Total water discharge by quality and destination		Environmental impact of tyre plants
G4-EN23	Total weight of waste by type and disposal method		Environmental impact of tyre plants

G4-EN27	Measures to reduce the environmental impact of products and services		Your tyre selection matters - the environmental effects of tyres
G4-EN29	Monetary value of fines for non-compliance with environmental laws and regulations		Environmental impact of tyre plants
G4-EN31	Total environmental protection expenditures and investments by type		Environmental impact of tyre plants
	Social labour practises and decent work		
G4-DMA	Disclosure of the Management approach	x	People
	Occupational health and safety		
G4-LA6	Number of accidents and occupational diseases, lost working days and absences		Good HR management
	Training and education		
G4-LA10	Personnel expertise development programmes and learning action programmes		Good HR management
G4-LA11	Development discussions		Good HR management
	Diversity and equal opportunity		
G4-LA12	Composition of governance bodies		Composition of governance bodies
	Human rights		
G4-HR1	Human rights clauses or screening in investment agreements and contracts		Hakkapeliitta Way
	Society		
G4-S01	Operations with implemented local community engagement and development programs		Important to us
			Impact on local communities
G4-S06	Political contributions		Important to us

	Product responsibility		
G4-DMA	Disclosure of the Management approach	x	World on wheels
G4-PR1	Product and service categories for which health and safety impacts are assessed for improvement		Product safety and quality

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