



SUSTAINABILITY-LINKED BOND FRAMEWORK

MAY 2023

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1 INTRODUCTION

1.1 About Nokian Tyres

Nokian Tyres develops and manufactures premium tires for people who value safety, sustainability, and predictability. We develop and manufacture high-quality winter, all-season and summer tires for passenger cars, SUVs and vans. In addition, we are one of the world's leading manufacturers of heavy special tires. Our group also includes the Vianor chain, specializing in vehicle maintenance and tire services.

Our products are used in millions of passenger cars, trucks, and heavy machinery each day. We have for decades safeguarded people's lives and are committed to continuing this effort through even safer, smarter and more sustainable driving. Our know-how stems from our Scandinavian roots and values. Sustainable safety and eco-friendliness across the entire life cycle are the goals for our passenger car tires, truck tires and heavy tires.

Nokian Tyres operates two tire factories, one in Finland and one in the US, and a wheel manufacturing plant in Finland. The company is currently building a new tire factory in Romania. The Nokian Tyres' test centers are located in Nokia and Ivalo in Finland, and Santa Cruz de la Zarza, Spain. The company headquarters is in Nokia, Finland. In 2022, Nokian Tyres' products were sold in approximately 60 countries. In June 2022, the Nokian Tyres' Board of Directors decided to initiate a controlled exit from Russia. In March 2023, Nokian Tyres successfully completed the sale of its operations in Russia.

"Building the industry's first zero CO₂ emission factory in Romania is an essential part of our journey towards EUR 2 billion net sales. Construction is about to begin, and commercial tire production is expected to start early 2025. At the same time, we add capacity in Finland and the US, and increase contract manufacturing,"
Jukka Moisio, President and CEO says.

In 2022, the company's turnover was approximately EUR 1.8 billion and it employed some 4,900 people. Nokian Tyres is listed on Nasdaq Helsinki.



Nokian Tyres was once again included in the DOW JONES SUSTAINABILITY EUROPE INDEX – among the most sustainable listed companies in Europe

1.2 Sustainability at Nokian Tyres

Sustainability is a crucial part of Nokian Tyres' business and one of the company's five strategic cornerstones. We are committed to promoting safe, smart and sustainable driving. Nokian Tyres' Sustainability Strategy is drawn up for a period of five years. During 2020, we determined new sustainability goals for 2025 aligned with our Sustainability Roadmap. The goals are also aligned with the CO₂ emissions reduction targets approved by the Science-Based Targets initiative (SBTi). In 2020, Nokian Tyres became the first tire company to have its ambitious targets for reducing CO₂ emissions approved by the SBTi.

Vice President, Quality & Sustainability draws up the strategy along with the Senior Manager, Sustainability, who reports to the Vice President. Working together with environmental experts, the Senior Manager, Sustainability, prepares an annual environmental program for the factories. The program specifies the detailed targets, actions, schedules and responsible persons for the goals presented in the strategy. In addition, individual units have their own projects for developing the operations and processes. The development of different sustainability aspects is reviewed regularly at the management meetings.

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



Nokian Tyres conducted a materiality assessment in 2021. Five topics were selected material for Nokian Tyres' operations:

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

Nokian Tyres has ambitious non-financial targets which are embedded throughout the core operations, keeping the company as a frontrunner in sustainability. Nokian Tyres' non-financial targets focus on bringing new environmental and safety innovations to products, reducing CO₂ emissions in line with the Science Based Targets, further improving workplace safety, monitoring the sustainability of suppliers, and developing personnel well-being.

Management of sustainability at Nokian Tyres is based on our values: We care, drive innovation, and succeed together. Sustainability is an essential part of our daily work and leadership. Through sustainable business practices, we can offer safety and security to all our stakeholders, e.g. employees, customers, local communities, shareholders, our suppliers, and local governments.

1.2.1 Guiding principles for Nokian Tyres' sustainability

Sustainability is a part of our company's culture, strategy and goals. The table below describes the areas of sustainability in the company, our guiding principles, and the most important standards and policies that guide our work.

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

The UN's 17 Sustainable Development Goals (SDGs) are created to promote prosperity while protecting the environment. These goals provide a tool to examine sustainable business in the long term. The seven SDGs that Nokian Tyres has determined important for the company are listed below.



1.2.2 Sustainability Road Map and targets

The Nokian Tyres Sustainability Road Map guides our work on sustainability. It defines seven areas of sustainability, and there are currently over 80 projects related to the themes listed under each area.

CLIMATE ACTIONS	<ul style="list-style-type: none"> • Climate risks • SBT action plans and implementation • Product development • Energy efficiency • Energy mix (renewable and non-renewable)
OTHER ENVIRONMENTAL ACTIONS	<ul style="list-style-type: none"> • Compliance • Water efficiency • Circular economy
PEOPLE	<ul style="list-style-type: none"> • Occupational Health & Safety • Human rights • Development of sustainability culture
SUPPLY CHAIN	<ul style="list-style-type: none"> • Supply chain risk management • Natural rubber sourcing
PRODUCTS AND SERVICES	<ul style="list-style-type: none"> • Sustainable materials • Microplastics • Services
FINANCE, CORPORATE GOVERNANCE	<ul style="list-style-type: none"> • Governance & Compliance • Sustainability summary to the Board • Enterprise risk management • Value creation for society
COMMUNICATION & STAKEHOLDER ENGAGEMENT	<ul style="list-style-type: none"> • Reporting • Investor relations • Customer & consumer communication • Vianor communication

The table below describes five of Nokian Tyres' sustainability targets, with respective KPIs and results for 2022.

AREA	TARGET	KPI	PROGRESS IN 2022
SAFE AND ECO-FRIENDLY TIRES: increasing the share of sustainable materials in tires  	Increase the share of recycled or renewable raw materials in tires to 50% by 2030	Report annual improvement	One new recycled raw material taken into production use
CLIMATE: reducing CO ₂ emissions in line with our four Science Based Targets 	Reducing CO ₂ emissions from tire production (scope 1+2) by more than 50% by 2030, base year 2015	Report annual improvement	Proceeding as planned. Status in 2022: 43% decrease from 2015
SAFETY: securing safer and better work  	Accident frequency LTIF: Decrease from 8.3 (2018) to 1.5 by 2025	20% annual improvement in LTIF compared to the previous year	Positive development. LTIF decreased from 4.1 to 3.2
HUMAN RIGHTS: auditing all significant high-risk suppliers  	100% of significant high-risk suppliers audited by 2025	Annual increase in the share of audited high-risk suppliers	Status in 2022: 83% audited (64% in 2021)
PERSONNEL WELL-BEING: developing human rights policies  	Developing human rights practices	Report annual improvement in sentiments about equal opportunities in the personnel survey, base year 2021	Status in 2022: score on equality was 66 on a scale of 0-100 (65 in 2021)*

*Figure excludes BA Russia and Asia

In 2020, Nokian Tyres became the first tire company to have its ambitious targets for reducing CO₂ emissions approved by the SBTi. Based on the targets, Nokian Tyres will reduce:

- Scope 3 GHG emissions from raw materials production by 25%, relative reduction 2018-2030
- Scope 3 GHG emissions from logistics by 25%, relative reduction 2018-2030
- Scope 3 GHG emissions from product use by 25%, relative reduction 2018-2030
- Scope 1 + 2 GHG emissions from the energy that is purchased and produced: by 52%, relative reduction 2015-2030

CLIMATE AND THE ENVIRONMENT DIMENSION

Most of the annual environmental and sustainability targets are linked to the longer-term 2025 or 2030 sustainability development targets. Nokian Tyres has uncompromising respect for the environment and safety, as well as for ensuring high quality and a good customer experience throughout its operations. We consider the product's entire life cycle and all of its functions in terms of environmental responsibility and follow the Precautionary Principle.

Tire industry can be subject to risks caused by climate change, such as changes in consumer tire preferences, regulatory changes or impact of extreme weather events on natural rubber producers. Nokian Tyres has defined its climate-related risks and opportunities according to the recommendations of Task Force on Climate-Related Financial Disclosures (TCFD). In 2022, the risks and opportunities were reassessed. Nokian Tyres is committed to reducing GHG emissions from its operations in order to combat climate change. We calculate the GHG emissions from our operations annually and reduce them systematically.



The GREENHOUSE GAS INTENSITY from our factories has decreased by 43% compared to year 2015

The environmental impacts from tire production include odor, particle emissions, noise, waste, and solvent emissions (VOC emissions). We constantly strive to reduce these impacts in the best possible ways: we improve our operations and find efficiencies, and correct identified deviations. In accordance with our Environmental, Safety, and Quality Policy, we aim for zero defects in our activities within these areas. We sort the waste and deliver it for reuse whenever technologically and economically feasible.

Nokian Tyres has adopted a life cycle approach: We take responsibility for the environmental impacts of our activities and products from raw materials to end-of-life tires. Most of the environmental impacts during a tire's life cycle are generated during its use. Tire retreading allows the operator to save money, resources, and the environment. A good tire carcass can easily be retreaded two times, which cuts tire costs by approximately 30%. Nokian Tyres' retreading unit offers retreading for trucks and buses as well as for heavy machinery.

Control of chemicals aims at ensuring the safest possible use of chemicals for our employees, the environment and end users. Our company meets all the requirements of the European (the REACH and CLP regulations) and local legislation. Our production facilities have valid environmental permits as well as chemical handling and storage permits. These permits and other environmental and safety activities are supervised by several authorities according to the local laws.

Regular audits' purpose is to ensure eco friendliness in production and a safe working environment that meets high standards of quality. The audits aim to verify that our operation complies with the legislation, Environment, Safety, and

Quality policy, and the instructions in the ISO 14001 certified management system.

Biodiversity, i.e., the preservation of the spectrum of species and biological communities, has always been taken into account in our company's operations. The direct effects of our company's normal operations on biodiversity are minor, yet our goal is to take biodiversity into account even better in our operations in the future. In Finland, we started negotiations with local environmental authorities in the fall 2022 on participating in a national biodiversity project maintained by authorities.

PEOPLE DIMENSION

As the COVID-19 pandemic continued especially in the first half of the year 2022, Nokian Tyres focused on keeping its personnel safe. Factories were protected by strict rules and guidelines, and white-collar employees continued working in flexible ways whenever possible.

After the war in Ukraine started, we took an active role to manage its impacts on our personnel. Ukrainian colleagues and their families were contacted on a daily basis and helped to stay safe. We ensured financial stability and support for them, and offered opportunities to work and live in other Central European countries. There was continuous communication to all Nokian Tyres' employees, crisis support was offered, and managers were provided with support and tools on how to lead and communicate in a crisis.

The company's principles in all operations are fair treatment and respect of human rights when collaborating with its personnel or other stakeholders. In 2023, we continue defining our Human Rights Road Map and needed actions. Our goal is to be a globally attractive employer known for its sustainability, leadership, and international working community. At the end of 2022, we employed over 4,500 employees with different skills and backgrounds.

In our engagement survey Drive!, safety stood out as a strength, and people perceive safety as one of our priorities. On the way to an accident-free workplace, Nokian Tyres long-term goal is to reduce lost time injuries 20% annually. 2022 was a record year in safety and there were less accidents leading to absences than ever before. On our road to further improve safety in Nokian Tyres, we have created and implemented Safety Management Standards and self-evaluation tools to identify the benchmarking and improvement needs.



Record year in OCCUPATIONAL SAFETY:
the lost time incident frequency was at all-time low

Nokian Tyres has several incentive plans in use, to measure performance in both the short and long term. Starting from 2022, achieving greenhouse gas reduction targets (scope 1 + scope 2) has been part of Nokian Tyres' Management Team incentives.

PRODUCT AND SERVICES DIMENSION

The Nokian Tyres Green Step concept tire is an example of sustainable innovation with its ambitious design consisting of 93% of the materials either recycled or renewable. It moves Nokian Tyres even closer to its goal that was set in 2021: by the year 2030, 50% of all the raw materials used in its tires will be recycled or renewable.

Safety is our priority, both on the road and in production. Nokian Tyres was the first tire company to eliminate the use of harmful high-aromatic (HA) oils in its tire compounds, and the world's first tire manufacturer to have fully introduced low PAH content oils in its production. 2022 we reached our goal for the winter tire safety performance level: 100% of Nordic Nokian Tyres Hakkapeliitta winter car and SUV tires fulfil the new 2021 EU ice grip criteria.

Nokian Tyres is constantly developing tires with less noise emissions. The state-of-the-art test center in Santa Cruz de la Zarza, Spain, has a 1.9-kilometer "comfort road" track that allows for testing on different types of asphalt and rough roads, as well as crossing cobblestone streets.

Fuel consumption during driving is the single most significant environmental impact over a tire's service life. Tires with low rolling resistance may save more than 0.5 liters of fuel per 100 kilometers, and thus reduce CO₂ emissions. But low rolling resistance alone does not define the eco-friendliness of a tire.

Tires are made of over 100 different raw materials, and the sustainability of these materials is another important factor when evaluating the eco-friendliness of tires. Many recycled and renewable raw materials are regarded as particularly sustainable ones. One approach employed is to replace non-renewable raw materials with recycled and renewable materials and thus enable more sustainable tire manufacturing.



From one vehicle to a fleet of dozens, the Nokian Tyres Intuitu smart tire monitoring system brings vital tire information to smartphones. Nokian Tyres Intuitu combines sensor-equipped smart tires with a mobile application that records the sensor data from tires, keeping the user informed about the tire pressure and temperature data. High tire temperature indicates that something may be wrong and can be a significant safety risk.

SUPPLY CHAIN DIMENSION

The work of Nokian Tyres' procurement unit is guided by the Group's procurement policy, which establishes the general principles of sustainable procurement. As a participant in the UN Global Compact initiative, we follow the UNGC's ethical principles as well as our own. We require that all the suppliers that Nokian Tyres has identified to be Sustainability Critical adhere to our Supplier Code of Conduct.

All raw material suppliers must, at a minimum, have an ISO 9001 certified quality management system in place. In 2022, Nokian Tyres performed a supply chain carbon emissions study, and we created a new sustainability KPI to assess our suppliers' capabilities to calculate, report and reduce their CO₂ emissions. The KPI in 2022 included the target of CO₂ emissions reduction plan from at least 40 raw material and 20 transport suppliers. The results of this study gave us a good view on the supply chain carbon emissions management. As a result, for 2023 we defined a new KPI to gather Product Carbon Footprint from suppliers for 40 raw materials.

Natural rubber is a renewable resource and one of the main ingredients of tires. Sourcing natural rubber in a sustainable way is considered to be the most critical stage in a tire company's supply chain. As a member of the Global Platform for Sustainable Natural Rubber (GPSNR) Nokian Tyres is committed to a shared responsibility towards improving the social, environmental and economic sustainability of the global natural rubber value chain. In 2022, 78% of Nokian Tyres' approved natural rubber processors were either members of GPSNR or committed to develop their operations according to Nokian Tyres Sustainable natural rubber policy.

Nokian Tyres has conducted a human rights assessment that covered 32 internationally recognized human rights, included in the Bill of Human Rights. Nokian Tyres is committed to conducting its business operations in a manner that respects all internationally recognized human rights, understood as, at a minimum, those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and expects the same of its suppliers.

1.2.3 Recognitions

DOW JONES SUSTAINABILITY EUROPE INDEX

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

In 2022, Nokian Tyres was included in the Dow Jones Sustainability Europe Index. The DJSI Europe is comprised of corporate leaders in sustainability as identified by S&P Global.

SAM SUSTAINABILITY YEARBOOK

Sustainability Award
Bronze Class 2022
S&P Global

In 2022, Nokian Tyres received a BronzeClass distinction in the SAM Sustainability Yearbook. The Yearbook showcases the sustainability performance of the world's largest companies and includes the top 15% of companies in each industry, awarding the best performing firms with Gold, Silver or Bronze class medals.

MSCI ESG RATING AND CDP



In 2021, Nokian Tyres received the best rating of AAA on a scale of AAA-CCC in the MSCI ESG Ratings assessment.

In CDP's sustainability assessment, we were in the Leadership-class in the climate section with the grade of A-. In water security, we received the grade of B.

SCIENCE BASED TARGETS INITIATIVE



The Science Based Targets initiative is a collaboration between CDP, the UN Global Compact initiative, World Resources Institute (WRI) and the World Wildlife Fund (WWF). The SBTi defines and promotes best practice in science-based target setting and independently assesses companies' targets. Approved emissions reductions targets must be aligned with actions that limit global warming below 2°C above pre-industrial levels, and 1.5°C at the most ambitious level.

2 SUSTAINABILITY-LINKED BOND FRAMEWORK

Nokian Tyres has chosen to create a Sustainability-Linked Bond Framework (the “Framework”) in order to align its sustainability plan with its long-term financing strategy.

This Framework will also contribute to awareness around Nokian Tyres’ commitment to its goals, as well as offer an opportunity to communicate with investors and other market participants about its work within this area in a dedicated and frequent manner.

Nokian Tyres can issue debt financing instruments with specific sustainability-related provisions (“Sustainability-Linked Bonds”) under this Framework.

This Framework has been established in accordance with the Sustainability-Linked Bond Principles (SLBP) 2020 as administered by ICMA¹.

The following five components form the basis of Nokian Tyres’ Framework:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Financial characteristics
4. Reporting
5. Verification


¹ International Capital Markets Association SLB 2020:

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Translations/2020/Finnish-SLBP2020-06-091020.pdf>


2.1 Selection of Key Performance Indicators (KPIs)

Nokian Tyres has selected the following KPIs, which are core, relevant, and material to its business and measure the sustainability improvements of Nokian Tyres:

KPI 1	Greenhouse gas emissions (GHG) intensity: Scope 1 and 2, in t CO₂ eq/production t
Definition	<p>Reduction of Scope 1 and 2 carbon emissions relative to tire production in tons.</p> <p>Scope 1 emissions: direct emissions from the Group's own sources and sources controlled by it.</p> <p>Scope 2 emissions: indirect emissions from purchased energy.</p>
Scope	The reporting of environmental figures covers all of Nokian Tyres' Scope 1 and 2 emissions from all owned and controlled assets / operations.
Calculation methodology	<p>Nokian Tyres calculates its tire production's greenhouse gas (GHG) emissions in compliance with the ISO 14064 standard and GHG protocol. Historical emissions are calculated according to GHG protocol.</p> <p>Market-based emissions are used for Scope 2 emissions.</p> <p>In Finland, the emission calculation is based on the suppliers' certificate of the actual energy sources used. In other locations emission calculations are based on emission factors of purchased electricity.</p>
Rationale for choosing the KPI	<p>Nokian Tyres wants to show leadership in tackling climate change by setting ambitious climate targets. In May 2018, the company joined the Science Based Targets (SBT) initiative with the aim of setting more precise climate targets that are assessed and validated by an external organization. The climate goals, Science Based Targets, were published in May 2020, and Nokian Tyres was the first company in tire industry to have its targets officially approved by the Science Based Targets initiative. In March 2023, Nokian Tyres announced its commitment to further reduce greenhouse gas emissions, aiming to achieve the Net-Zero Standard by 2050.</p> <p>Nokian Tyres has committed to set near- and long-term emission reductions in line with the science-based net-zero targets of the Science Based Targets initiative. The new goal to reach net zero by 2050 incorporates additional targets to reduce emissions and commitment to SBTi's most ambitious guidelines to limit the increase in global warming to 1.5°C in line with the Paris Climate Agreement. The SBTi 1.5°C targets globally aim to limit global warming to no more than 1.5 degrees Celsius.</p> <p>Based on Nokian Tyres' materiality analysis, which was updated in 2021, climate change was defined as the second priority of the 5 focus areas. Nokian Tyres has been a forerunner in the industry and wants to continue in that position, by setting an example and leading the industry transition towards a low carbon society.</p>

Historical performance	<table><tr><td></td><td>2015*</td><td>2020</td><td>2021</td><td>2022**</td></tr><tr><td>Greenhouse gas emissions intensity ratio Scope 1 + Scope 2, CO₂ eq t/production t</td><td>0.73</td><td>0.54</td><td>0.44</td><td>0.42</td></tr></table> <p><i>* base year for emission reduction targets according to the SBTi</i></p> <p><i>** base year for emission reduction targets for the purposes of this framework</i></p>						2015*	2020	2021	2022**	Greenhouse gas emissions intensity ratio Scope 1 + Scope 2, CO ₂ eq t/production t	0.73	0.54	0.44	0.42
	2015*	2020	2021	2022**											
Greenhouse gas emissions intensity ratio Scope 1 + Scope 2, CO ₂ eq t/production t	0.73	0.54	0.44	0.42											
Baseline year	2022														
Contribution to SDG(s)	<div><div><div>13 CLIMATE ACTION</div><div></div></div><div><p>The greenhouse gas emission intensity from our factories has already decreased by 43% compared to year 2015. Emissions from our own production (Scope 1 and 2) are already reduced to an industry leading level in relation to turnover and production tons. Nokian Tyres remains strongly committed to reducing GHG emissions from its operations further in order to combat climate change and reach net zero by 2050.</p></div></div>														

All instruments issued under this framework will use KPI 1 alongside KPI 2.

KPI 2	Greenhouse Gas (GHG) emissions intensity: Scope 3 emissions from product use, in t CO₂ eq/production t														
Definition	Reduction of Scope 3 carbon emissions from product use relative to tire production in tons.														
Scope	Scope 3 emissions from product use. Covers emissions of product use phase (category 11) of all products (passenger car and van tires as well as heavy vehicle tires), i.e. 100% of use phase emissions are in scope.														
Calculation methodology	Nokian Tyres calculates its tire production's greenhouse gas (GHG) emissions in compliance with the ISO 14064 standard and GHG protocol. Historical emissions are calculated according to GHG protocol.														
Rationale for choosing the KPI	<p>Our goal is to manage the environmental impacts of our products over their entire life cycle. Scope 3 emissions from product use constitute by far the largest proportion of our total emissions and are one of the core focus areas of our decarbonization strategy. Reducing Scope 3 emissions is key to our efforts to combat climate change.</p> <p>Fuel consumption during driving is the single most significant environmental impact over a tire's service life. Approximately 83% of a tire's carbon footprint is created during its use. Tires with low rolling resistance may save more than 0.5 liters of fuel per 100 kilometers, and thus reduce CO₂ emissions. Reducing CO₂ emissions from tire use will have a profound impact on reducing global CO₂ emissions, as our tires are used on millions of vehicles.</p> <p>We want to be an international industry leader in terms of environmental matters.</p>														
Historical performance	<table><tr><td></td><td>2018*</td><td>2020</td><td>2021</td><td>2022**</td></tr><tr><td>Greenhouse gas emissions intensity ratio Scope 3 from product use, CO₂ eq t/production t</td><td>25.44</td><td>26.11</td><td>25.53</td><td>23.71</td></tr></table> <p><i>* base year for emission reduction targets according to the SBTi</i></p> <p><i>** base year for emission reduction targets for the purposes of this framework</i></p>						2018*	2020	2021	2022**	Greenhouse gas emissions intensity ratio Scope 3 from product use, CO ₂ eq t/production t	25.44	26.11	25.53	23.71
	2018*	2020	2021	2022**											
Greenhouse gas emissions intensity ratio Scope 3 from product use, CO ₂ eq t/production t	25.44	26.11	25.53	23.71											
Baseline year	2022														
Contribution to SDG(s)	<div><div><div>13</div><div>CLIMATE ACTION</div><div></div></div><div>We aim to reduce emissions from product use and enable lower emissions for our customers by using our climate-friendly tires with lower rolling resistance level.</div></div>														

All instruments issued under this framework will use KPI 2 alongside KPI 1.

2.2 Calibration of Sustainability Performance Targets (SPTs)

SPT 1: Reduce Scope 1 and 2 GHG emissions intensity by 65% by 2030, (2022 base year) (based on upgraded climate target in line with limiting global warming to 1.5°C that has been submitted for SBTi validation)

Historical performance and proposed target

Nokian Tyres has been working hard to mitigate climate change by reducing its greenhouse gas emissions. Between 2015 and 2022, we have cut carbon dioxide emissions from our production by over 40%. Our Scope 1 and 2 emissions are the lowest in the tire industry in relation to turnover and production tons.

Nokian Tyres has a Science-Based Targets initiative validated emission reduction target of reducing relative Scope 1 and 2 emissions by 52% by 2030, compared to 2015. This target has been confirmed by SBTi to be consistent with the reductions required to limit the global mean temperature increase to a level well-below 2 degrees Celsius.

In June 2022 we announced that we would initiate a controlled exit from Russia. Upon the closing of the transaction, Nokian Tyres ends all its operations in Russia and the company's personnel in Russia will transfer to the new owner. In March 2023 Nokian Tyres announced it has sold Russian operations. Russian factory has had significant portion of Nokian Tyres Scope 1 and 2 emissions in the past.

Due to this divestment, Nokian Tyres has initiated, according to SBTi protocol, a recalibration of the Scope 1 and 2 emissions targets. In addition, our current climate target (over 50% reduction) will be upgraded to be in line with limiting global warming to 1.5°C. Nokian Tyres will seek to have its SBT targets recalibrated by the SBTi and commits to stay on the updated trajectory for the reduction of Scope 1 and 2 emissions intensity. For more information regarding recalculation policy, please refer to section 2.6 of the current Framework.

The new submitted target is to reduce Scope 1 and 2 emission intensity by 80% by 2030 from 2015 baseline. For the purpose of this framework, we use the new submitted climate target that is in line with limiting global warming to 1.5°C and calculate the SPTs based on linear trajectory from 2022 level towards the 2030 target. This enables more up-to-date and ambitious target setting based on the most recently available performance.

SPT 1 trajectory for the reduction of Scope 1 and 2 emissions intensity

SPT 1 ANNUAL TARGETS				
2022 (BASELINE)	2025	2026	2027	2030
0.42 t CO ₂ eq/production t	-25%	-33%	-41%	-65%* 0.15 t CO ₂ eq/production t

* Based on upgraded climate target in line with limiting global warming to 1.5°C that has been submitted for SBTi validation

Strategy to achieve the Sustainability Performance Target

The CO₂ emissions are mainly the result of the energy mix used for the factories. The energy we use can be divided into electricity, heat and steam. We generated some of the electricity and steam ourselves in 2022, about 19% of all energy used in our tire factories was produced from renewable energy sources.

In 2022, only CO₂ emission-free electricity was procured for the Finnish factory. Steam is generated in the nearby biomass power plant. Energy is provided by solar panels to our administration building in the US factory and to the Visitor Center building in the Nokian Tyres Spain test center, for example. During 2022 we investigated possibilities to increase share of green electricity in the US (substantial share of electricity for Dayton plant is already green).

Since 2015, Nokian Tyres has reduced its relative Scope 1 and 2 emissions by 43%. We aim to further reduce our emissions intensity by improving energy efficiency of our production facilities and increasing the share of low-emission or zero-emission energy. Examples of measures to improve energy efficiency include: heat recovery systems, LED lightning, energy efficiency audits, improved operational practices, pressurized air leakage detection.

In addition, we are building a new factory in Romania, which is the first zero CO₂ emission factory in tire industry. Production will start in early 2025 creating a gradually growing significant influence on total CO₂ emission intensity. Share of renewable energy will be increased in other locations through PPAs and other collaboration with energy providers. Increasing on-site renewable energy generation is also under evaluation.

Challenges in achieving the target

Risks related to supply capacity of clean energy amid vulnerable situation on the energy markets due to Russia-Ukraine war.

Rapidly increasing demand for clean energy could cause bottlenecks for its' availability.

SPT 2: Reduce Scope 3 GHG emissions intensity from product use by 20% by 2030, (2022 base year) (SBTi validated)

Historical performance and proposed target

Nokian Tyres has a Science-Based Targets initiative validated emission reduction target of reducing relative Scope 3 emissions from product use by 25% by 2030, compared to 2018. This target has been validated by SBTi to be aligned with the well-below 2°C scenario. In June 2022 we announced that we would initiate a controlled exit from Russia. Upon the closing of the transaction, Nokian Tyres ends all its operations in Russia and the company's personnel in Russia will transfer to the new owner. In March 2023 Nokian Tyres announced it has sold Russian operations. We currently do not expect any material implications for our Scope 3 emissions from product use due to exit from Russian operations.

For the purpose of this framework, we use the existing 25% reduction target and calculate the SPTs based on linear trajectory from 2022 level towards the 2030 target. This enables more up-to-date and ambitious target setting based on the most recently available performance.

SPT 2 trajectory for the reduction of Scope 3 emissions intensity from product use

SPT 2 ANNUAL TARGETS				
2022 (BASELINE)	2025	2026	2027	2030
23.7	-7%	-10%	-12%	-20%* 19.1 t CO ₂ eq/production t

* In line with the SBTi approved target

Strategy to achieve the Sustainability Performance Target

In order to reduce emissions from tire use, we aim to further reduce the rolling resistance of our tires, which in turn will reduce fuel consumption of the vehicle. Key measures in rolling resistance reduction include using next generation raw materials, improvements in tire constructions and other tire technical innovations.

Electrification and improvement of vehicle fuel efficiency as well as possible increase in bio-component share in fuels contribute to overall GHG emission reduction of vehicles.

As a company we aim to have a very competitive product offering for latest EVs and other low-emission vehicles. Already now we have several EV dedicated

products in product portfolio. Customer groups favoring low emission technologies have a high priority in our sales strategy.

Challenges in achieving the target

Reducing the rolling resistance of tires requires constant improvements in technology and significant amount of investments in R&D. The speed of technological advancement and development of know-how as well as implementation of the new solutions into the production process may require longer time and is difficult to predict with high level of certainty.



2.3 Financial characteristics

For Sustainability-Linked Bonds, a coupon step-up or premium payment will be specified in the relevant documentation of the specific transaction.

2.3.1 Trigger Events

The occurrence of any of the following events (the Trigger Events) will trigger a change to the financial characteristics of the relevant instrument as described in 2.3.2 below.

- Nokian Tyres has not achieved the applicable SPT relating to the KPI for the relevant year in which the relevant SPT is to be achieved (the Reference Year) as reported on or before the Reporting End Date following the end of such Reference Year, or
- Nokian Tyres' reporting does not meet the requirements set out in Section 2.4 (Reporting) of this Framework in all material respects, or
- the verification of the SPT in accordance with section 2.5 (Verification) of this Framework has not been provided and made public by the Reporting End Date (as defined below).

The "Reporting End Date" for any given year shall be the date falling 120 days after the 31 December of that year.

2.3.2 Changes in financial characteristics

The occurrence of a Trigger Event will result in a coupon adjustment or increase in the redemption price.

The size of the step-up applicable to the coupon or the increase of the redemption price will be specified in the documentation for each respective instrument issued under this Framework.

For the avoidance of doubt, if in respect of any instruments issued under this Framework, the company has achieved the relevant SPTs for the Reference Year, and reporting and verification for the KPIs and SPTs have been provided and made public in accordance with the reporting and verification sections of this Framework, the financial characteristics of the relevant instrument issued by Nokian Tyres under this Framework shall remain unchanged.

For any instrument issued under this Framework, a Trigger Event impacting the financial characteristics of the instrument may only occur once during the tenor of the relevant instrument.

2.4 Reporting

In order to provide investors and other stakeholders with adequate information about Nokian Tyres' implementation of its sustainability strategy in general, Nokian Tyres will provide relevant reporting on the progress made in respect of

the KPIs, and (in relation to any Reference Years only) the achievement or not of the applicable SPTs set out in the instrument specific documentation. Such reporting shall be made publicly available on an annual basis in a Sustainability-Linked Bond Progress Report and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the financial and/or structural characteristics of instruments issued hereunder. The Sustainability-Linked Bond Progress Report shall be published on Nokian Tyres' web page no later than the Reporting End Date after the end of the year being reported on. For the avoidance of doubt, a failure to report does not trigger a step-up after the reporting end date for that year. The step-up will only occur after the reporting end date relating to the Reference Year, regardless of when a failure to report occurs.

The Sustainability-Linked Bond Progress Report will contain all the relevant information needed to assess if any changes to the financial characteristics are to be made, including but not limited to:

- The performance of the KPIs, as per the relevant reporting period including the calculation methodology and baselines where relevant;
- Information about recalculations, if any, of baseline for the KPIs (if applicable);
- A verification report relative to the KPIs outlining the performance against the SPTs and the related impact, and timing of such impact, on the instrument characteristics; and
- Information on any updates to Nokian Tyres' sustainability strategy and/or governance with an impact on the KPIs and SPTs.

Where feasible and possible the Sustainability-Linked Finance Progress Report will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors, including for example M&A activities and/or divestitures, behind the evolution of the performance on the KPIs on an annual basis;
- Illustration of the positive sustainability impacts of the performance improvement;
- Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope;
- Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs.

The performance level against each SPT for each KPI outlined above shall be verified by a qualified external reviewer with relevant expertise as described in section 2.5 (Verification).

2.5 Verification

In order to provide transparency to investors and in alignment with the SLBP, Nokian Tyres will ensure an external and independent verification by a qualified external reviewer with relevant expertise, as outlined in the Voluntary Guidelines for External Reviews developed by the Green and Social Bond Principles, of its actual performance level against each SPT for each KPI. The verification shall be conducted with limited assurance by the external reviewer. Nokian Tyres has the discretion to change the external reviewer subject to fulfilling the requirements

set out herein. The ex-ante reviewer of the Sustainability-Linked Bond Framework shall differ from the ex-post reviewer.

The verification of the actual performance relative to the SPTs shall be made public together with Nokian Tyres' Sustainability-Linked Bond Progress Report on the company's webpage no later than the Reporting End Date in each year as set out in section 2.3 (Financial Characteristics) and specified in the instrument specific documentation for as long as any instruments issued under this Framework remain outstanding. The verification, together with the Sustainability-Linked Bond Progress Report, will form the basis for evaluating any change in the financial characteristics of any instruments issued under this Framework as described in the section 2.3 (Financial Characteristics).

Failure to provide the ex-post verification before the Reporting End Date in any year up to and including the year following the Reference Year for any instruments issued under this Framework, shall result in an automatic adjustment in the financial characteristics of such instruments as outlined in the instrument specific documentation.



2.6 Recalculation policy

The baseline(s) and /or the SPT(s) set out in the Framework may be recalculated and applied to existing sustainability-linked instrument at the occurrence of significant change in:

- the methodology of calculation of any KPI or
- the data due to better data accessibility/accuracy or discovery of data errors or
- the structure of the Group as a result, for example, of acquisition, demerger, merger or divestiture

Significant change is defined as a change that leads to an increase or decrease in GHG emission intensity of 5% or greater. Nokian Tyres may also choose to recalculate the baseline(s) and / or SPT(s) for changes of less than 5%.

In such event of a recalculation of the baseline(s) and / or SPT(s), these will be revised in good faith by Nokian Tyres, and remain within the objective of Nokian Tyres' SBTi validated trajectory.

Baseline(s) and / or SPT(s) recalculation will be reported by Nokian Tyres in the Sustainability-Linked Bond Progress Report.

2.7 Amendments to this framework

Nokian Tyres will review this Framework from time to time, including its alignment to updated versions of the relevant principles, with the aim of adhering to best practices in the market. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Verifier.