

kemira

Where water
meets chemistry™

Corporate Responsibility Report 2014



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BUSINESS REPORT

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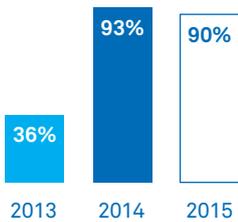
GRI REPORT **35**

All forward-looking statements in this report are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

Highlights 2014

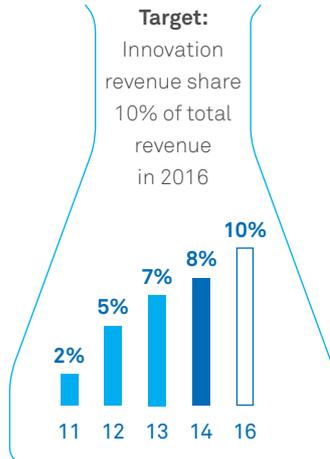
Suppliers

Target: ≥ 90% of supplier contracts with signed Code of Conduct for Suppliers, Distributors and Agents as attachment by 2015



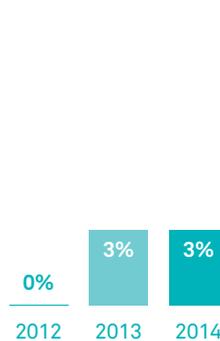
Innovation

Target: Innovation revenue share 10% of total revenue in 2016

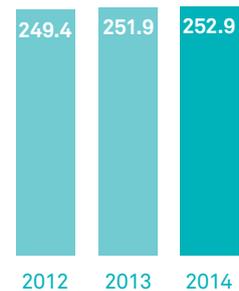


Financial guidance and performance

Organic revenue growth: 0–5%



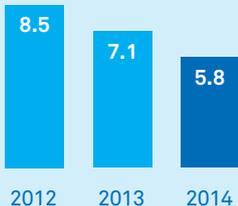
Operative EBITDA (EUR mill.): approximately at the level of 2013



Employees

Safety target:

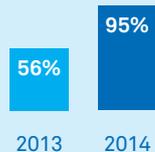
Achieve zero injuries



Number of Total Recordable Injuries (TRI) per million hours, Kemira + contractor, 1 year rolling average.

Performance management target:

Kemira employees covered by the global Performance Management process > 95% by the end of 2014

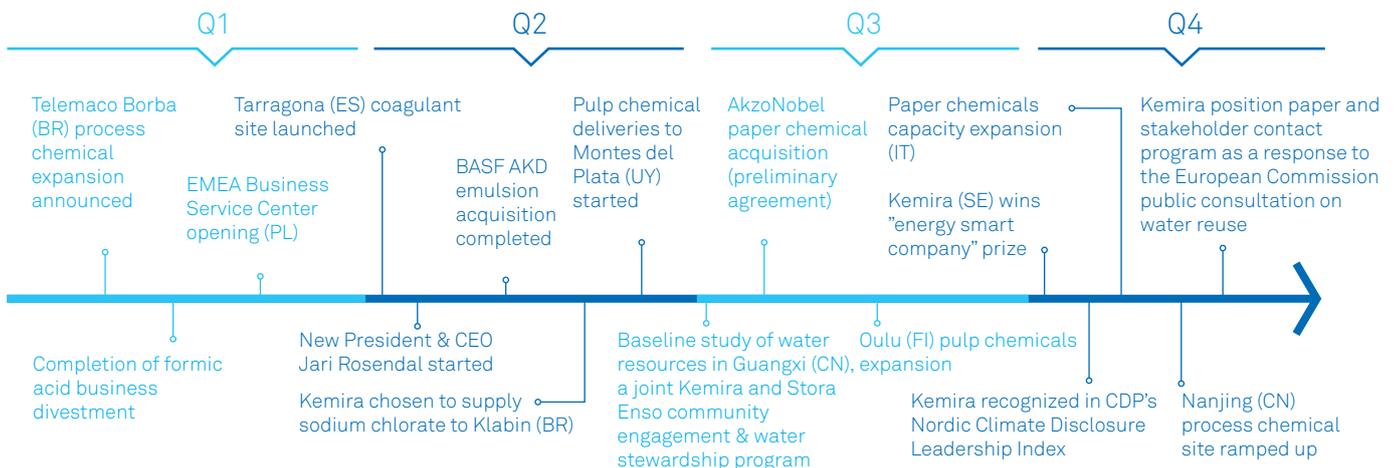
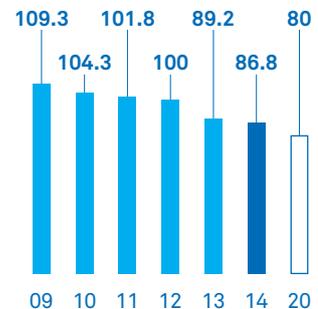


Climate change

Target:

Kemira Carbon Index ≤ 80 by 2020

The Kemira Carbon Index covers CO₂ emissions of Scope 1 and Scope 2, excluding direct emissions from chemical processing, and is not dependent on production structure or volumes.





CEO STATEMENT

AIMING AT **clear targets**

➤ After the recent restructuring phase, Kemira turns a new chapter towards growth. This is enabled by clear strategic focus, customer-driven innovation, responsible business practices and engaged professionals.

When I started leading the team of highly skilled Kemira experts in the beginning of May, I inherited a company whose financial position is strong and stable, and well geared towards profitable growth. Our strategic focus is clear: we provide application know-how and chemicals that improve our customers' water, energy and raw material efficiency in water-intensive industries. Sustainability aspects are deeply encoded in Kemira's DNA through this focus.

In the past few years, we have restructured our organization and way of working towards more efficient and economical settings. Now Kemira's restructuring has been largely accomplished and we can focus on reaching our targets: EUR 2.7 billion revenue and 15% operative EBITDA margin level by end of 2017.

THREE STRONG BUSINESS SEGMENTS

Our three segments have clear strategic objectives in driving these targets. We expect profitable, above-the-market growth from Paper and Oil & Mining, while the Municipal

& Industrial segment focuses on ensuring the equally important cash generation. In Paper, changes in the customer industry and its geographic focus, changing consumption patterns and the arising bio-economy create new opportunities for us. In Oil & Mining, we aim to further strengthen our market position through better customer intimacy and continuous innovation. The business is cyclical by nature, and we are well prepared for the possible implications, e.g. oil price fluctuations. In Municipal & Industrial, regulation relating to water and sludge treatment is the key market driver.

Our customers in these segments are directly involved in the utilization of natural resources. Commitment to sustainable business is essential for our customers not only because their actions are subject to tight regulation and scrutiny, but also because sustainable business brings cost-savings and competitive advantages for them. Kemira participates in these value chains and is expected to demonstrate the same high commitment to sustainable busi-

ness. We have set clear targets for our sustainability performance as described in our GRI report, and are aligning our activities to the Principles of the UN Global Compact.

TARGETING ABOVE-THE-MARKET GROWTH

In 2014, we reached EUR 2.1 billion (2.2) revenue and 11.8% (11.3%) operative EBITDA margin. Kemira's organic revenue growth in 2014 was 3%, which was within our guidance for 2014 (0–5%).

To reach our growth targets going forward, we will continue to invest in customer-driven innovation, capacity-building in growing business segments, continuous efficiency improvements as well as selective acquisitions and expansion into selected emerging markets.

Growing business in the emerging markets sets new demands on transparency and inclusiveness, highlighting the importance of responsible business conduct throughout the value chain. In 2014, we e.g. carried out an in-depth assessment of 49 core suppliers and conducted a Human Rights Risk Assessment.

The AkzoNobel paper chemicals acquisition, which we are looking forward to closing in early 2015, further enhances our position in APAC and in the packaging, board and tissue applications. Successful integration of this business to our operations in 2015–2016 is a high priority large-scale project for us.

INVESTING IN INNOVATION, EXPERTISE AND COMPETENCIES

Kemira's industry expertise in our three segments enables us to be an innovation partner for our customers. We strive to

extend the concept of value beyond immediate financial rewards. Sustainability aspects are included as a key feature in our offering and we have integrated sustainability checks to all our new product development projects. Innovation and growth do not happen unless driven by motivated and able people and good leadership. This is why we invest in Kemira people and have identified high employee engagement as one of our key targets. The restructuring phase had an understandable impact on our employees but the latest engagement surveys show that we are moving into the right direction – ready to look ahead with an enthusiastic and positive mindset.

OUTLOOK FOR 2015 AND BEYOND

Going forward, we expect our relevant market (EUR 19.2 billion in 2014) to grow to about EUR 23 billion in 2020 (CAGR 3.0%). Through our strategic choices, we are well positioned to grow above-the-market. It is important that we stay attentive to our customers' changing business requirements and open to continuous learning and positive change. In our corporate responsibility target setting we direct the development towards longer-term, more ambitious targets, which clearly measure the external impacts of Kemira's operations. We're keeping our eyes firmly on the ball, working hard to hit our targets.

Jari Rosendal
President and CEO

Kemira

IN BRIEF

> Kemira is a global chemicals company that provides expertise, application knowhow and tailored formulations of chemicals to improve its customers' water, energy and raw material efficiency. We have organized our business along three segments:

PAPER

Application knowhow and chemicals for pulp, paper, board and tissue production

OIL & MINING

Application knowhow and chemicals for oil, gas and metals recovery

MUNICIPAL & INDUSTRIAL

Application knowhow and chemicals for raw water, process water, waste water and sludge treatment

THE AMERICAS 39%

EUR 848 million

1,480



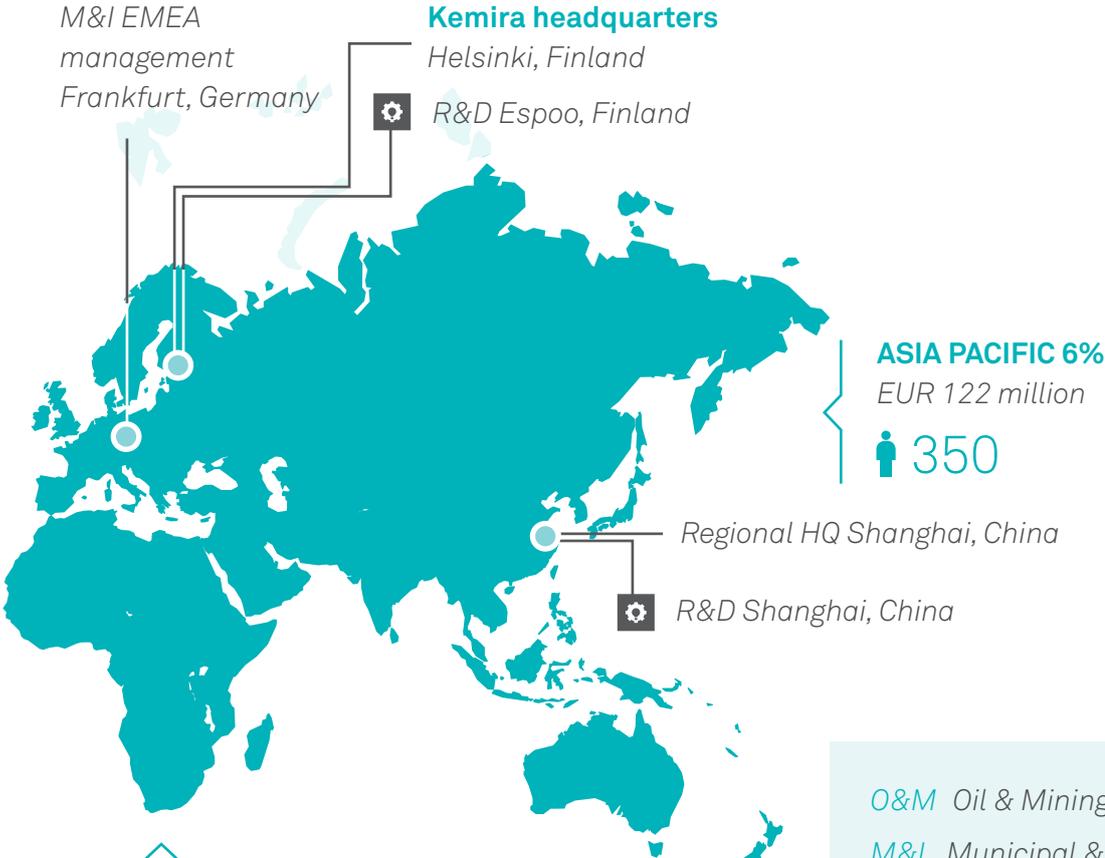
Kemira has a business presence in 40 countries and our products are sold in more than 100 countries. We employ approximately 4,250 professionals worldwide and have a global manufacturing network of 59 sites. After our recent restructuring phase we are now focusing on growth, targeting EUR 2.7 billion revenue and an operative EBITDA margin of 15% by the end of 2017. In 2014, we reached EUR 2.1 billion (2.2) revenue and 11.8% (11.3%) operative EBITDA margin. The company is headquartered in Helsinki, Finland, and listed on the NASDAQ OMX Helsinki.

ECONOMIC VALUE CREATED:

In 2014, Kemira distributed (EUR million) to:

- 111.8 shareholders & lenders
- 33.4 society, corporate income taxes

(on cash basis)



EUROPE, MIDDLE EAST AND AFRICA 55%
 EUR 1,167 million

2,400

O&M Oil & Mining
M&I Municipal & Industrial
 Employees
 R&D and technology centers

Kemira

BUSINESS model

Funding model

| Equity | Liabilities | Cash |
|-----------|-------------|-----------|
| 1,163 | 605 | 119 |
| EUR mill. | EUR mill. | EUR mill. |

Infrastructure

| | | |
|-------------------|--------------------------|--------------------|
| Business units in | 59 | Sales in more than |
| 40 | manufac- turing sites | 100 |
| countries | | countries |

Innovation

KEY INNOVATIONS & TECHNOLOGIES:

- Water treatment
- Sludge treatment
- Microbial Control
- Scale control
- Bleaching of pulp
- Wet-end management
- Retention control
- Dry & wet strength improvement
- Hydrofobation of paper & board
- Surface treatment of paper & board
- Chemically enhanced oil recovery
- Friction reduction
- Rheology modification
- Pellet binders

SUSTAINABILITY FOCUS AREAS:

- Lifecycle approach in new product development
- Product stewardship
- Innovation revenue 10% of total revenue by 2016

BUSINESS ACTIVITIES

Manufacturing LEAN CULTURE

MAIN TECHNOLOGIES:

- Polymerization technologies
- Iron and aluminium coagulants
- Chemical formulation
- Sizing technologies
- Peroxide technologies
- Chlorate technologies

SUSTAINABILITY FOCUS AREAS:

- Kemira Carbon Index



Strategy

Improving our customers' water, energy and raw material efficiency.

Targets: Revenue EUR

2.7 billion

BY 2017, EBITDA 15%

Product portfolio management, business development and sales

ORGANIZED PER
SEGMENT

Other key processes

SOURCING

Sustainability focus areas:

- Kemira Code of Conduct for Suppliers, Distributors and Agents
- Supplier sustainability assessment and performance management

HUMAN CAPITAL

Sustainability focus areas:

- Employee engagement, performance management, leadership development

→ Occupational safety (TRI)

→ Local community involvement

FINANCIAL CAPITAL & ASSETS

- Manage financial reporting + processes + controls
- CAPEX EUR 145.1 million
- R&D spend EUR 28 million

RISK, COMPLIANCE, RESILIENCY

- UN Global Compact & Responsible Care Signatory
- Corporate Governance
- Kemira Code of Conduct and Compliance Program
- Enterprise risk management

INPUTS

People & know-how

4,250
professionals worldwide

Innovation & Intellectual Property

250
R&D experts

300 patent families

1,300 patents

→ R&D hubs in Finland, China and USA

Relationships

- Key accounts and suppliers
- Distributors & agents represent approx. 25% of sales
- Suppliers of recycled raw-materials

Raw materials and suppliers

- Total materials purchased: 3.6 million tons
- 25% recycled input materials
- Partial backward integration into electricity, AKD wax, ASA, monomers
- 650 raw material suppliers
- 120 core suppliers (80% of direct material spend)

OUTPUTS

Products & technologies: MARKET-LEADING POSITIONS (Market share)

NO. **1** in coagulants, sizing chemicals

NO. **2** in polyacrylamides, bleaching chemicals

Services

- Application support with products
- Process control & monitoring services
- Kemira Operon, waste water treatment plant operation service
- Kemira LumiKem, real-time wastewater treatment monitoring

Other outputs

- Greenhouse gases, 1,000 tonnes (Scope 1): 144
- Total waste disposal 64,000 tonnes
- Wastewater treated, million m³: 2.2

OUTCOMES

Shareholders & lenders

- Revenue EUR 2.1 billion
- Operative EBITDA EUR 252.9 million
- EUR 111.8 million paid in dividends and interest expenses*

Suppliers

Payments to suppliers of raw materials, goods and services EUR 1,683.5 million*

Employees

- Employee health & safety
- Wages, salaries and social expenses EUR 283.3 million*
- Continuously improved skills and competencies

Society

- **Income taxes: EUR 33.4 million***
- Conservation of natural resources through use of recycled raw materials and energy efficiency
- **17,000 million m³ purified water** with Kemira's products
- **600 billion boxes** for packaging, **150 billion copies** of magazines and catalogues, and **20 billion cartons** of milk, juice or other liquids produced with Kemira products in 2014
- **1500 million barrels oil** equivalent (MBOE) of oil and gas extracted in 2014 with Kemira products

Customers

- Improved customer processes and products
 - Water, energy and raw material efficiency
 - Sustainable products & solutions
- VALUE CREATED – KEMIRA REVENUE SPLIT BY CUSTOMER BENEFIT:
- Product quality or product yield optimization: 50%
 - Process or energy efficiency: 20%
 - Water quality or regulatory compliance related to wastewater and sludge treatment: 30%

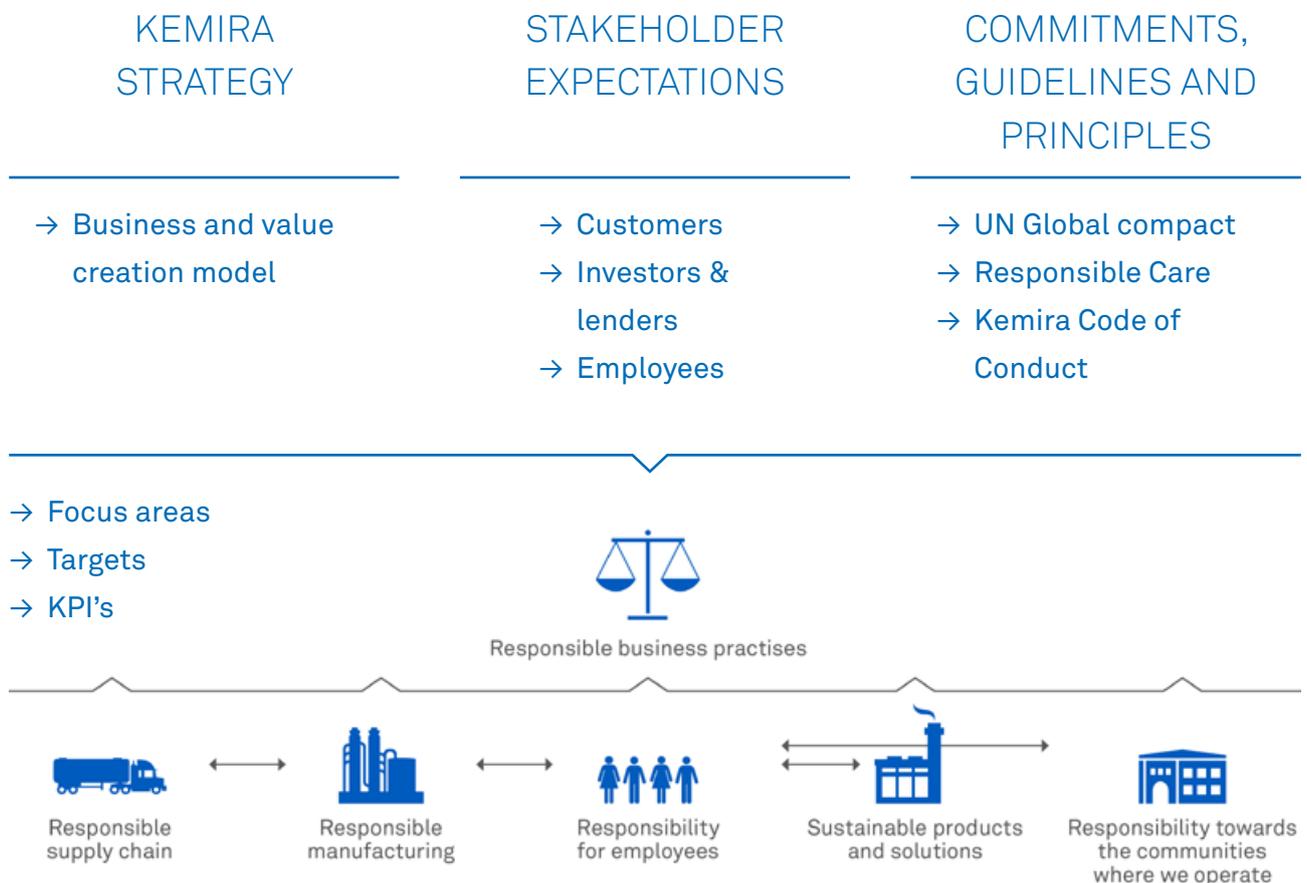
*on cash basis

KEY PROCESSES CONTRIBUTING TO SUSTAINABLE

value

CREATION

Kemira's strategy, commitment to international principles, and stakeholder expectations guide our corporate responsibility approach and target-setting.



RISK, COMPLIANCE, RESILIENCY

RESPONSIBLE BUSINESS PRACTICES

Trust, reputation and integrity have a significant impact on our stakeholder relations and ability to create value. The Kemira Compliance Program and its core instrument, the Kemira Code of Conduct, drive responsible business practices throughout our organization. These elements are supported by subject-specific policies, standards and processes. We utilize online and classroom educational methods to ensure all Kemira employees know how to act responsibly, e.g.

electronic training courses regarding the Code, competition law, insider information and anti-bribery. Non-compliance issues can be reported through our Ethics and Compliance Hotline and are governed by the Compliance Committee.

Kemira's Risk Management focuses on systematic and proactive identification, analysis and management of various risks related to Kemira's business, such as strategic, operational, hazard and financial risks.

INNOVATION

SUSTAINABLE PRODUCTS AND SOLUTIONS

We provide expertise, application know-how and chemicals that improve our customers' water, energy and raw material efficiency. In other words, sustainability aspects are a key feature in our offering.

Our main innovations, technologies and products are described in the Kemira business model. All our New Product Development (NPD) projects apply sustainability checks at different development gates. We push for solutions that improve sustainability compared to those already available on the market.

WE AIM TO INCREASE
OUR INNOVATION
REVENUE FROM THE
CURRENT 8% TO 10%
OF TOTAL REVENUE
BY 2016.



Product stewardship and regulatory compliance is essential for Kemira in order to ensure the continuity of our business. We perform compliance checks and product safety assessments on our chemical products and provide information on their safe use. We ensure that all required registrations are in place to comply with regulation, and that health and environmental matters as well as regulatory requirements are thoroughly considered in New Product Development projects.

VALUE CREATED - KEMIRA REVENUE SPLIT BY CUSTOMER BENEFIT:

- Product quality or product yield optimization: 50%
- Process or energy efficiency: 20%
- Water quality or regulatory compliance related to wastewater and sludge treatment: 30%

Paper success story

IMPROVING THE TISSUE INDUSTRY'S SUSTAINABILITY

Kemira FennoClean™

INDUSTRY CHALLENGE

The tissue industry needs a system that keeps the process free from microbiological deposits without creating any harmful residuals.

SOLUTION

Efficient and less hazardous disinfecting is achieved with FennoClean.

BENEFITS

Cleanliness, hygiene and non-toxicity of end-product.



Achieve cleanliness with improved sustainability.

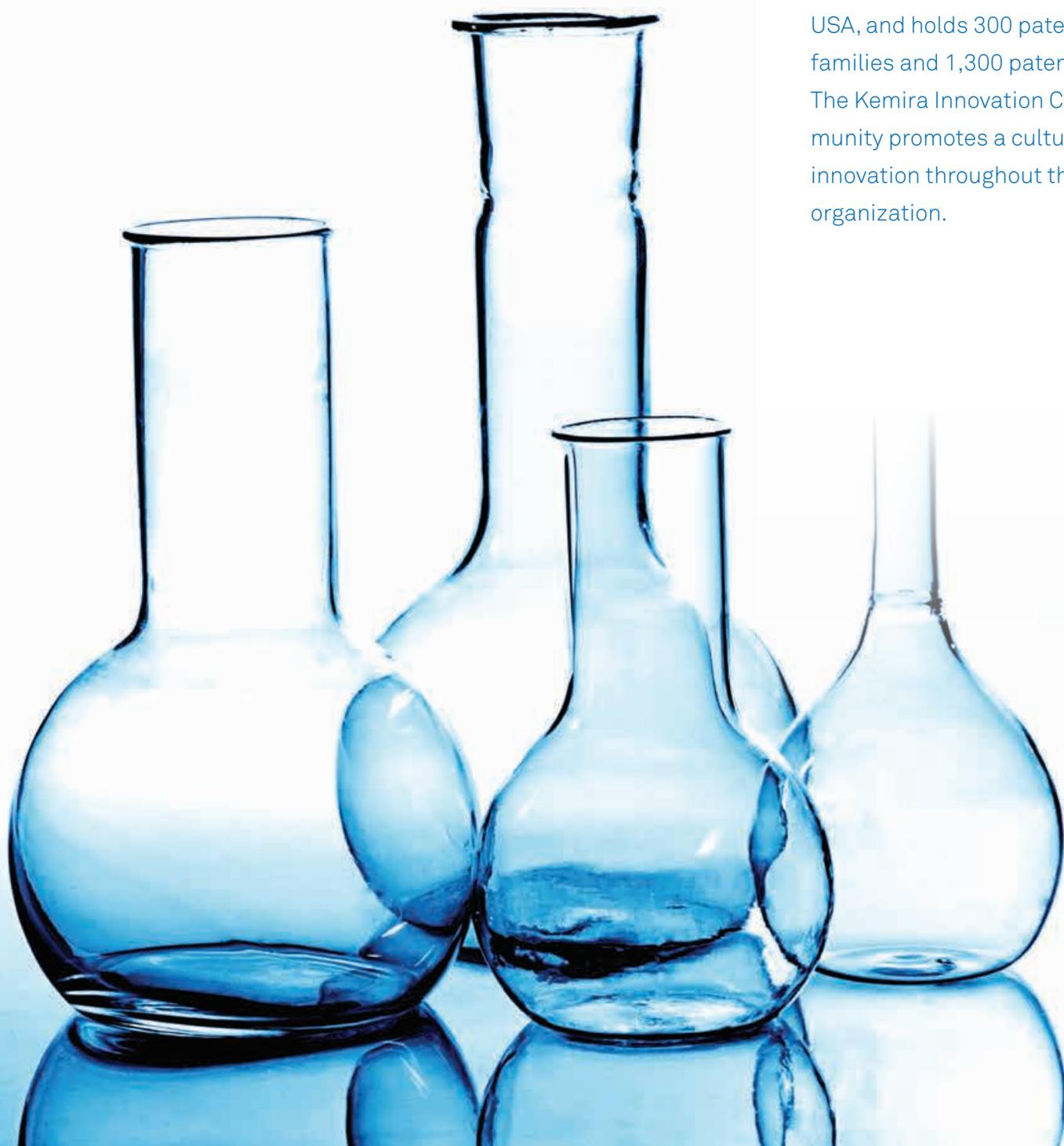


Less harmful to equipment and the environment than more hazardous biocides.

INNOVATIONS FOR

customer success

We are an innovation partner for our customers. This requires good customer understanding and attentiveness to their needs. Kemira employs about 250 R&D experts in three innovation hubs in Finland, China and USA, and holds 300 patent families and 1,300 patents. The Kemira Innovation Community promotes a culture of innovation throughout the organization.



HUMAN CAPITAL

Responsibility

FOR EMPLOYEES



WE EMPLOY
APPROXIMATELY

4,250

PROFESSIONALS
AROUND THE WORLD.

OUR VALUES, CREATED TOGETHER BY ALL KEMIRA EMPLOYEES, GUIDE OUR WAY OF WORKING:

- We drive performance and innovation
- We are dedicated to customer success
- We care for people and the environment
- We succeed together

Kemira’s responsibility for employees is managed through specific targets and programs for performance management, leadership development, employee engagement

and occupational health and safety – ensuring the necessary know-how, strong leadership, engaged people and safety in the workplace to enable successful business execution.

Occupational safety is important to us not only because of the nature of our industry, but because it is important to our internal and external stakeholders. A strong culture for safety also lowers costs associated with workplace injuries. Our safety performance is measured by TRI frequency (Total Recordable Injuries per million work hours). At the end of 2014, we reported 5.8 injuries. Our performance has been improving compared to baseline year 2012.

VALUE CREATED: IN 2014, KEMIRA DISTRIBUTED EUR 283 MILLION IN ECONOMIC VALUE TO ITS EMPLOYEES IN FORM OF SALARIES AND SOCIAL EXPENSES.

(on cash basis)

Open House at Kemira’s Helsingborg site

Involvement with the local communities where we operate is one of Kemira’s corporate responsibility focus areas, because it has a positive impact on both community acceptance and employee engagement. The target is to engage all Kemira sites with over 50 employees (26 sites in 2014) in local community initiatives at least once during the period 2013–2015. One of such events in 2014 was the Helsingborg manufacturing site’s Open House in Sweden, where 1,100



locals were able to learn more about our chemicals manufacturing and the value Kemira is creating in the local community.

MANUFACTURING

RESPONSIBLE MANUFACTURING

Our Environmental, Health, Safety and Quality (EHSQ) vision consists of three elements: “Zero environmental harm”, “Zero harm to people”, and “Customer satisfaction”. We take matters of safety extremely seriously in all our operations.

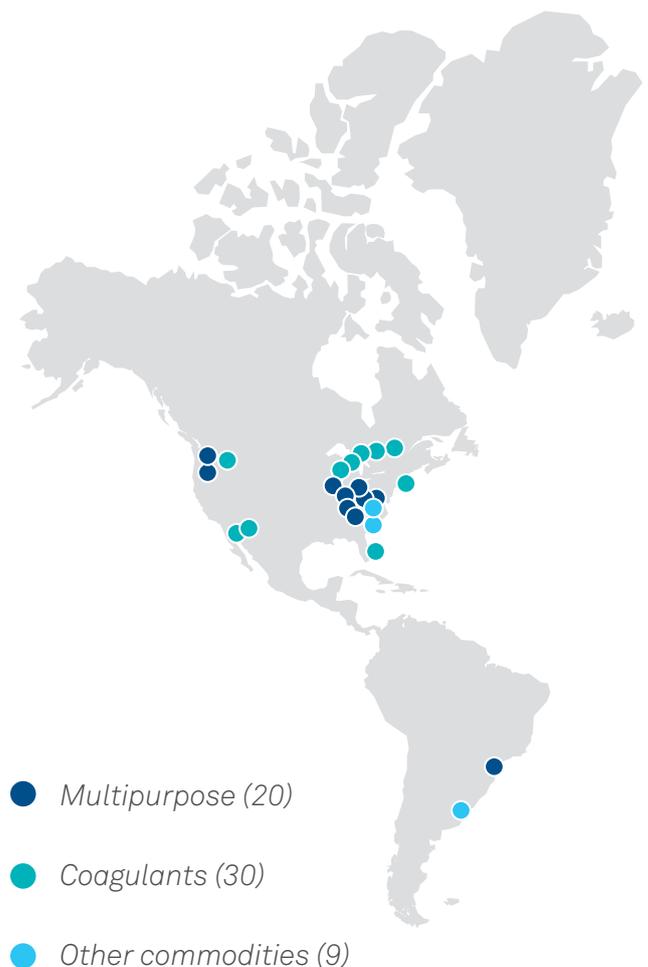
Our global manufacturing network consists of 59 sites, of which 20 are multipurpose sites, 30 produce coagulants, and 9 other commodities, such as sodium chlorate and hydrogen peroxide. We have streamlined our product portfolio and reduced the number of sites in the last couple of years by implementing efficiency measures under the “Fit for Growth” restructuring program. We have also adopted LEAN manufacturing in order to continuously improve efficiency. As a result, our operative fixed costs in EMEA and NAFTA have decreased approximately 10% compared to baseline year 2012.

Kemira’s management system for EHSQ activities is based on ISO 14001, ISO 9001 and OHSAS 18001 standards. By the end of 2014, Kemira had certified 83% of its sites according to these standards.

Energy-efficiency is important to Kemira, as it brings both cost-savings and environmental benefits. Many of Kemira’s products are energy intensive to produce, making it vital to constantly improve our efficiency.

Our approach to reducing greenhouse gas emissions is based on improving energy efficiency at manufacturing sites and on purchasing energy at lower emission levels. In 2014, Kemira introduced a new climate change target, the Kemira Carbon Index. Our Carbon Index was 86.8, compared to baseline value 100 in 2012 (target ≤ 80 by the end of 2020).

Manufacturing footprint globally (59 sites):



SOURCING

RESPONSIBLE SUPPLY CHAIN

Kemira's business is supply chain intensive: our spend on raw materials and other purchases is approximately 80% of our revenue. We have over 650 direct material suppliers, most of whom come from EMEA and North America. Of these, 120 are core suppliers, who deliver 80% of our direct material spend. Our top three raw materials by spend are electricity, acrylonitrile and petroleum solvents and by volume ferrous sulphate, hydrochloric acid and sodium chloride (salt). 25% of all raw materials used by Kemira are

VALUE CREATED: IN 2014, KEMIRA DISTRIBUTED EUR 1,684 MILLION IN ECONOMIC VALUE TO ITS SUPPLIERS IN THE FORM OF PURCHASES.

(on cash basis)

recycled or industrial by-products from external partners. The Municipal & Industrial business utilizes 60–70% recycled by-products from other industries, participating heavily in local by-product streams.

Kemira drives responsibility in the supply chain through the Code of Conduct for Suppliers, Distributors and Agents, which all repeat suppliers with a substantial annual spend value are expected to sign. By the end of 2014, 93% of Kemira's suppliers had signed the Code. Our Supplier Performance Management Program, comprising of supplier Performance Evaluations and Supplier Sustainability Assessments, helps in identifying any possible challenges relating to suppliers' sustainability performance. In 2014, Kemira assessed 49 core suppliers. As a consequence, corrective actions are to be planned with 11 suppliers.



25% OF ALL RAW MATERIALS USED BY KEMIRA ARE RECYCLED OR INDUSTRIAL BY-PRODUCTS FROM EXTERNAL PARTNERS.

STRATEGIC OBJECTIVE: PROFITABLE, ABOVE-THE-MARKET GROWTH

- HOW? →
- Leverage strong market position
 - Execute successful investment projects
 - Commercialize new products
 - Continue to evaluate bolt-on acquisitions



PAPER



#1-2 IN ALL REGIONS

Business specifics

- Strategic commitment to the paper industry
- Application-driven approach
- Offering adapted to regional requirements
- Innovation partner for paper industry

Application know-how

- Pulp, paper, board and tissue production
- Pulping, bleaching, wet-end and coating chemistry, water treatment

global

THE ONLY

PULP AND PAPER CHEMICALS SUPPLIER



Customer segmentation

- Pulp
- Packaging & Board
- Printing & Writing
- Tissue & Specialties

Products

Most comprehensive product portfolio in the business.

DIFFERENTIATED PRODUCTS

(50%) Sizing, strength, surface treatment and process chemicals

COMMODITY PRODUCTS

(50%) Mainly bleaching & pulping chemicals

Major raw materials

Acrylonitrile, olefins, cationic monomer, crude tall oil, electricity, fatty acids, heavy fuel oil/natural gas, maleic anhydride, sodium chloride, sulfur

Sales channel

Direct sales to pulp & paper producers. Serving all major players in the market globally.

Competitive advantage

- Application know-how
- Product performance
- Backward integration into key raw materials

Customer value

IMPROVED:

- Process efficiency
- End-product features & quality
- Raw material, energy and water efficiency: sustainable innovations

THE ONLY GLOBAL PULP AND PAPER CHEMICAL SUPPLIER

Growth in pulp and paper chemicals is driven by higher volumes of packaging board and tissue grades. Kemira has unique expertise in applying chemicals and supporting pulp & paper producers to innovate and constantly improve their operational efficiency and end-product quality. This makes us the global market leader in paper chemistry.

COMPETITIVE ENVIRONMENT

The paper chemicals market has long been fragmented with no clear global leader. A group of international companies have held strong positions in regional or product/application specific market areas. Considering Kemira's strategic focus and long-term commitment to the pulp and paper industry, as well as the 2015 AkzoNobel paper chemical business acquisition, we are now in the market leadership position. We have more than doubled our pulp & paper revenues in the past 10 years.

600 BILLION BOXES FOR PACKAGING, **150 BILLION COPIES** OF MAGAZINES AND CATALOGUES, AND **20 BILLION CARTONS** OF MILK, JUICE OR OTHER LIQUIDS WERE PRODUCED WITH KEMIRA PRODUCTS AND SOLUTIONS IN 2014.

AkzoNobel business acquisition

Kemira's preliminary agreement on AkzoNobel's paper chemical business, to be closed in early 2015, strengthens Kemira's global leadership position in pulp and paper. The business includes products for retention, sizing, wet strength and coating. Over 50% of the revenues are related to the packaging board grades. The acquisition nearly doubles our Paper revenue in the APAC region. Six production sites and approximately 400 employees will be transferred to Kemira. The sites are located in Spain, Italy, South Korea, Thailand, Indonesia, and Australia. Ten sites remain as AkzoNobel sites with contract manufacturing to Kemira.

2014 IN BRIEF

- Kemira's acquisition of BASF's global alkyl ketene dimer (AKD) emulsion business was closed in May. It strengthens our position in the paper wet-end chemicals market especially in continental Europe.
- Klabin selected Kemira as a supplier of sodium chlorate for its upcoming new 1.5 million ton pulp mill in Paraná, Brazil.
- We signed a preliminary agreement to acquire AkzoNobel's paper chemical business.
- Our new paper chemicals site in Nanjing, China, received its final operating permits and ramped up the production volumes.
- We started pulp chemical deliveries to Montes del Plata, the new Stora Enso-Arauco 1.3 million ton pulp mill in Punta Pereira, Uruguay.
- We announced a multimillion investment in a hydrogen peroxide plant in Oulu, Finland, to meet the growing demand for pulp chemicals.
- We announced a multimillion EUR investment in a production line expansion of process and functional chemistries at San Giorgio site in Italy.
- An expanded production line for surface treatment chemicals in Krems, Austria, was launched.
- We continued to work with Stora Enso on our joint project to promote responsible water management and community engagement in Guangxi Province, Southern China. For more information, please see the GRI report.
- Innovations launched in 2014 included e.g. KemPrint™ (surface additive), 2nd generation FennoBind™ (binders), and FennoBond™ (strength) extended portfolio for packaging & board and tissue.

MARKET OUTLOOK

Paper segment has been growing above the market in 2013–2014 with a compound annual organic growth rate (CAGR) of 7% (estimated market growth 2.0–2.5%). The estimated relevant market is expected to grow to EUR 9.2 billion by 2020 (8.0 billion in 2014), mainly due to growth in demand for packaging & board as well as tissue. The majority of the growth is expected from the emerging markets in South America and APAC. As the global leader in pulp and paper chemicals, and thanks to our strong application know-how, Kemira is well positioned to serve the industry.

DRIVEN BY PAPER INDUSTRY

transformation

EXTERNAL FACTORS





PAPER



- Business development focus on packaging & board and tissue customers
- Improved geographical balance for serving printing & writing customers



- Continuous pipeline of innovations to maintain technology leadership position
- Comprehensive and diversified product portfolio



- Close follow-up of competitive activity
- Participation in further consolidation in the market
- Investment in competencies and capacities



Strengthening position in APAC and South America



- Long-term commitment and close customer relations in the pulp & paper industries
- Careful analysis of customer mill cost position and identification of future winners



- Focus on recruiting and maintaining key talent
- Collaboration with educational institutes



- Raw material formulas in customer pricing
- Identification of alternative sources
- Further backward integration

MANAGEMENT APPROACH

STRATEGIC OBJECTIVE: PROFITABLE, ABOVE-THE-MARKET GROWTH

HOW?



- Invest in innovation, human capital and polymer production capacity
- Strengthen & expand customer partnerships
- Make selective acquisitions to broaden technological and business capabilities



OIL & MINING



#2 IN UNCONVENTIONAL OIL & GAS IN NORTH AMERICA

Business specifics

- Application-driven approach
- Focus on fast innovation to solve critical customer challenges

Application know-how

- Oil & Gas: drilling & cementing, stimulation, oil sands, chemically enhanced oil recovery and production
- Mining: iron ore, copper, gold recovery, white pigments

GROWING BUSINESS partner

TO THE OIL, GAS AND MINING INDUSTRY



Customer segmentation

- Oil & Gas
- Mining
- Other industries (excess capacity)

Products

DIFFERENTIATED PRODUCTS
(85%) Polymers, dispersants & antiscalants,
biocides, emulsifiers, defoamers

COMMODITY PRODUCTS
(15%) Coagulants

Major raw materials

Acrylonitrile, acrylic acid, various monomers

Sales channel

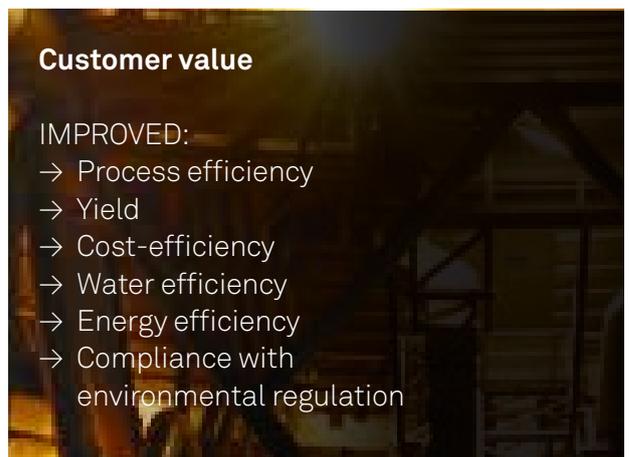
- Oil & Gas and process additive applications:
sales mostly to pumpers, operators &
service companies
- Mining: direct sales to operators
- Distributors to other industries

Competitive advantage

- Innovative chemicals & application
knowledge
- 2nd largest manufacturer of
polyacrylamides in the world

Customer value

- IMPROVED:
- Process efficiency
 - Yield
 - Cost-efficiency
 - Water efficiency
 - Energy efficiency
 - Compliance with
environmental regulation



GROWING BUSINESS PARTNER TO THE OIL, GAS AND MINING INDUSTRY

Kemira provides a unique combination of application knowhow and innovative chemicals that improves process efficiency and yield in oil, gas and metals recovery. Our growth is driven by long-term demand for oil and gas, and the exploration of unconventional oil and gas sources.

COMPETITIVE ENVIRONMENT

The oil and gas chemicals market is competitive and new players are entering the market driven by high but cyclical demand and profitability. Kemira is the world's second largest producer of dry and emulsion polyacrylamides, used especially in horizontal oil and gas drilling and stimulation, reducing energy consumption and improving process efficiency. Our strongest foothold is in the North American oil & gas polyacrylamide market, where our market share is close to 15%. In Mining, we have a particularly strong position in water treatment related business (for regulatory compliance), especially in EMEA.

1,500 MILLION BARRELS
OIL EQUIVALENT (MBOE)
OF OIL AND GAS
EXTRACTED IN 2014 WITH
KEMIRA PRODUCTS

2014 IN BRIEF

- Tarjei Johansen was appointed as President of the Oil & Mining segment and the Americas region as of May 5, 2014.
- Successful integration of the acquired 3F Chimica S.p.A. business continued until Q4/2014. 3F produces dry and emulsion polyacrylamide polymers and related process chemicals.
- We announced a multimillion EUR investment to expand our dry polyacrylamide capacity in Aberdeen, USA.
- The Oil & Mining global management team relocated to Houston, TX, to be close to key customers.
- 20% of revenues came from innovative products developed in the last three years.
- Innovations launched in 2014 included e.g. KemFlow® A-4375 friction reducer, KemGuard® 2708 thermally stable antiscalant, and Superfloc® RH4832 rheology modifier.

MARKET OUTLOOK

The segment grew 23% in 2014 compared to 2013, mainly due to increased polyacrylamide sales volumes in the oil and gas industry in North America. The estimated relevant market for polyacrylamides is expected to grow to EUR 4.5 billion by 2020 (2.3 billion in 2014). Global softness in the mining industry continues, but has shown some early signs of recovery in some regions in Africa. Chemically Enhanced Oil Recovery (CEOR) and unconventional oil extraction present longer term growth opportunities in Oil & Mining segment's relevant market.

DRIVEN BY

cyclical

OIL, GAS AND
MININGEXTERNAL
FACTORSCYCLICAL OIL &
GAS PRICES**OPPORTUNITY**

New technologies enabling the exploration of unconventional oil & gas sources, e.g. shale, oil sands

RISK

Declining oil & gas prices slowing down drilling & stimulation activity

VARIABLE
METALS PRICES**OPPORTUNITY**

Increasing demand for chemistries enabling water recycling and reuse

RISK

Declining oil & gas prices reducing production and chemical usage

REGULATION
AFFECTING USE
AND REUSE OF
WATER**OPPORTUNITY**

Increased water treatment needs and demand for chemicals

RISK

Tightening regulation impacting total cost and slowing down mine development, drilling and stimulation activity

AVAILABILITY OF
SKILLED PERSONNEL
AND COMPETITION
FOR KEY TALENT**OPPORTUNITY**

Differentiation of Kemira from competition based on capability

RISK

- Challenge in differentiation & business growth if lacking qualified personnel
- Key talent attracted by value chain players

RAW MATERIAL
AVAILABILITY
AND PRICE**OPPORTUNITY**

Improved cost-efficiency from backward integration

RISK

Loss of competitive pricing in a slow market could affect business profitability and growth

NEW TECHNOLOGIES &
WAY OF EXTRACTING**OPPORTUNITY**

CEOR (chemically enhanced oil recovery)

RISK

Delays due to market volatility & geopolitical risks



OIL & MINING



More balanced product portfolio for upstream and downstream applications



Innovative technologies to improve yield and reduce customer cost of operations



Close monitoring of regulatory policy & expansion into water treatment services



Focus on recruiting and maintaining key talent



Tracking of prices for key raw materials, strategic purchase contracts, backward integration



Working closely with end customers: lab work, pilot tests, field tests

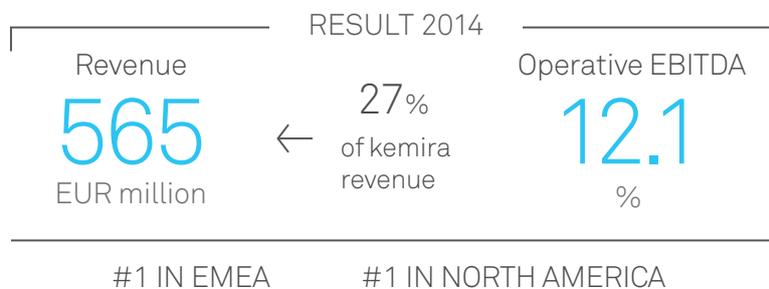
MANAGEMENT APPROACH

STRATEGIC OBJECTIVE: MAXIMIZE CASH FLOW

HOW? → → Leverage strong market position
→ Maintain aggressive cost controls



MUNICIPAL & INDUSTRIAL



Business specifics

- Regulation-driven business
- Local business
- Raw material backward integration
- Large customer base

Application know-how

- Raw water treatment
- Waste water treatment
- Sludge treatment

MARKET Leader

IN RAW AND WASTE WATER TREATMENT



Customer segmentation

- Fragmented market:
- Municipal (private & public)
- Industrial (e.g. food & beverage, chemicals and metals processing)

Products

- Only partner able to provide both polymers and coagulants

DIFFERENTIATED PRODUCTS
(25%) Polymers, antiscalants, defoamers, biocides

COMMODITY PRODUCTS
(75%) Coagulants

Supply chain intensive:

- Managing high-volume streams to fragmented customer base

Major raw materials

- 60–70% recycled input materials: participating in local, fast and flexible by-product streams
- Acrylonitrile, sulfuric acid, hydrochloric acid, aluminium hydrate, iron ore, pickling liquor, copperas (ferrous sulfate)

Sales channel



Municipal: mainly direct sales
Industrial: direct sales & distributors

Competitive advantage

- Reliability, speed and logistics flexibility
- Deep application knowledge
- Comprehensive portfolio
- Backward integration into other industries' by-products through long-term partnerships
- High coverage manufacturing network in mature markets

Customer value

- IMPROVED:
- Water treatment process reliability and efficiency: total water cycle management
 - Regulatory compliance and beyond

MARKET LEADER IN RAW AND WASTE WATER TREATMENT

The market for Municipal & Industrial is driven by regulation. Kemira helps its customers in maximizing the efficient utilization of resources and minimizing waste with chemistry at every stage of water management. We are the global market leader in raw and wastewater treatment, and the only company that manufactures and supplies a comprehensive range of water treatment chemicals: polymers, coagulants, antiscalants, defoamers and water disinfectants.

COMPETITIVE ENVIRONMENT

Competitors for Kemira's Municipal & Industrial segment in the mature markets consist of both large international players as well as smaller local companies. The coagulants market is particularly fragmented and local in nature, due to low product value and high share of transportation cost. Kemira's market leadership in raw and wastewater treatment is based on high supply reliability, speed of delivery and logistics flexibility due to our extensive production network for coagulants, as well as comprehensive product range and application support.

17,000 MILLION M³
PURIFIED WATER WITH
KEMIRA'S PRODUCTS IN
2014 - CORRESPONDING
TO THE ANNUAL WATER
CONSUMPTION OF
APPROXIMATELY 39% OF
EUROPE'S POPULATION.

2014 IN BRIEF

- As a consequence of declining profitability, major efficiency measures have been implemented since 2012. The segment's fixed costs have decreased by 22% during period 2012–2014 (including acquisitions and divestments).
- The new coagulant manufacturing site in Dormagen, Germany reached its full planned capacity.
- We successfully started up production in our new coagulant plant in Tarragona, Spain. The plant is able to produce the entire range of Kemira's aluminum and iron-based coagulants that are used for drinking water and wastewater treatment.
- The segment regained business in North America, especially in the municipal water treatment sector.
- Antti Salminen was appointed President of the Municipal & Industrial segment and the EMEA region as of November 1, 2014
- We published a position paper and launched a stakeholder contact program as a response to the EU Commission public consultation on Water reuse.

MARKET OUTLOOK

Only modest growth can be expected in the Municipal & Industrial segment's relevant market in Europe and North America, as water treatment infrastructure is already largely built and growth in demand is therefore restricted. The estimated relevant market is expected to grow to EUR 2.9 billion by 2020 (2.5 billion in 2014). In case of stricter regulation and enforcement regarding water treatment, especially in emerging markets, market outlook could change significantly.

Regulation

-DRIVEN BUSINESS



← Proactive participation in regulatory discussions relating to water treatment; working towards achieving higher water quality standards

← Proactive participation in water reuse solutions based on differentiated products and technologies

← → Innovation and marketing of differentiated products and technologies
→ Monitoring and scouting for new technologies

← → Participation in market consolidation
→ Increasing by-product utilization

← → Increasing the utilization of by-products for coagulants
→ Balancing manufacturing assets along with sources of by-products
→ Internalization of critical raw materials manufacturing for polymers (e.g cationic monomers)



MUNICIPAL
& INDUSTRIAL

MANAGEMENT
APPROACH

Kemira

Where water
meets chemistry™

GRI Report 2014

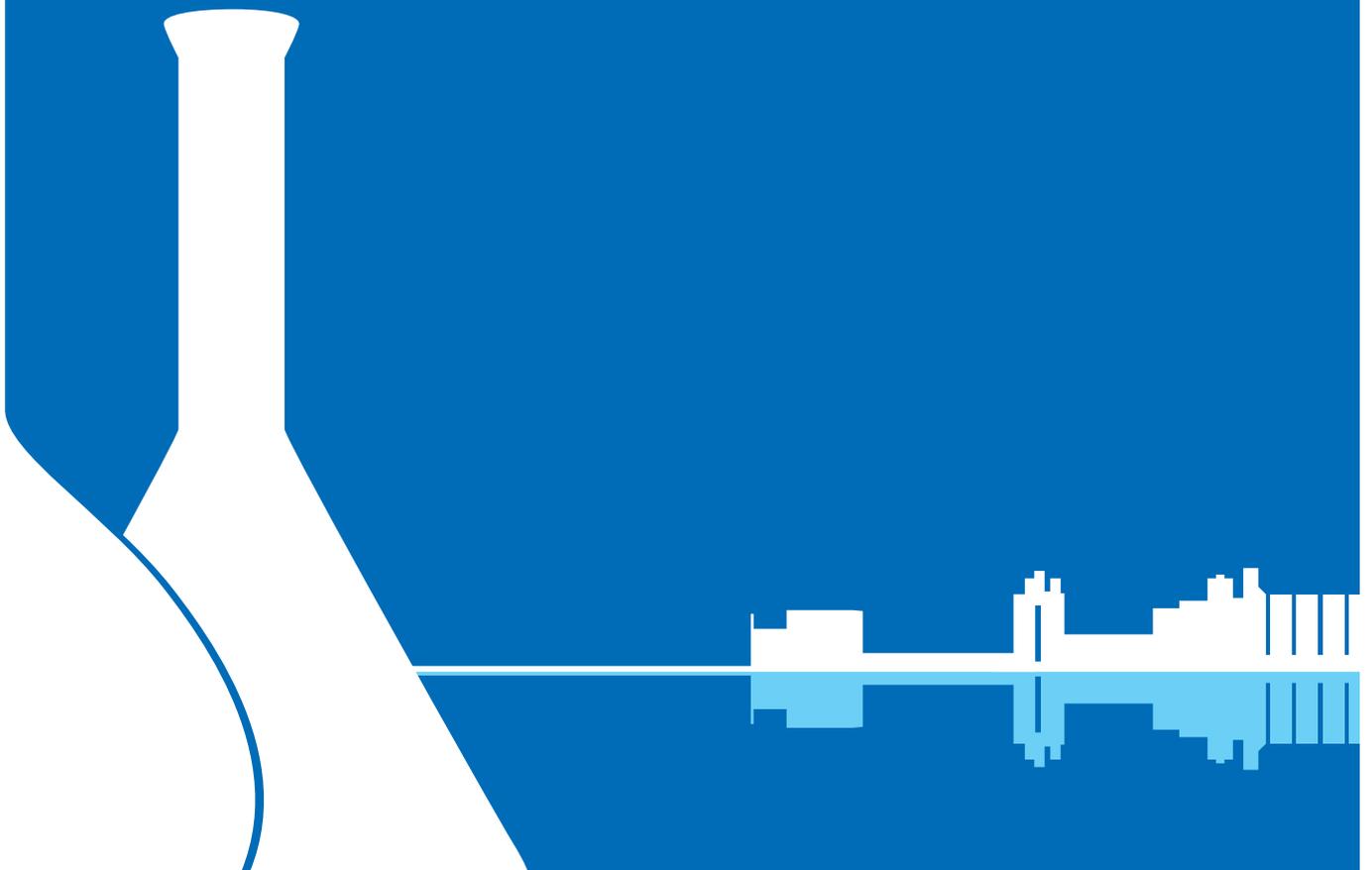


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1. FOCUS AREAS OF CORPORATE RESPONSIBILITY

Our corporate responsibility focus areas are defined based on feedback from our stakeholders and the significance of the economic, environmental and social impacts of our business activities.

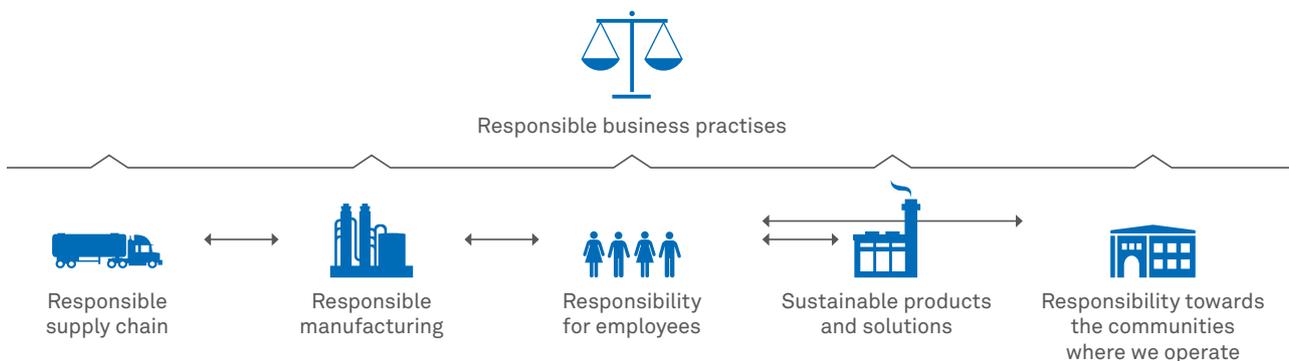
IMPACTS OF KEMIRA BUSINESS ACTIVITIES IN THE VALUE CHAIN

| KEMIRA VALUE CHAIN ACTIVITIES | INDIRECT IMPACT | | DIRECT IMPACT | INDIRECT IMPACT | |
|-------------------------------|--|---|--|---|--|
| | Production of input materials and energy | Upstream transportation | Kemira's sales & manufacturing | Downstream transportation | Use of Kemira products |
| Economic impact | Payments to suppliers | Payments to logistic service providers | Public sector: taxes Employees: wages | Payments to logistic service providers | Benefits of using Kemira products |
| Environmental impact | GHG* Emissions (Scope 2 and 3) | GHG emissions (Scope 3) Transportation safety (environmental risk due to spills) | GHG emissions (Scope 1) Emissions into water, waste | GHG emissions (Scope 3) Transportation safety (environmental risk due to spills) | GHG emissions (Scope 3) Emissions into water, waste |
| Social impact | Human rights, labor rights, workplace safety | Transportation safety (people safety) | Process safety Employment Workplace safety | Transportation safety (people safety) | Workplace safety through the safe use of chemicals |

* GHG = Greenhouse gas

The key topics and concerns raised through our stakeholder engagement have been consistent over the past years, emphasizing the importance of responsible business practices, responsibility in the supply chain, responsibility of manufacturing operations, responsibility for employees, sustainable products and solutions, and responsibility towards the local communities where we operate.

CORPORATE RESPONSIBILITY FOCUS AREAS



Corporate responsibility has a positive impact on Kemira's value creation. The development of sustainable products and solutions creates opportunities for revenue growth, and minimizing business risks and improving safety helps in cost avoidance.

STAKEHOLDER EXPECTATIONS

Stakeholder expectations create the foundation for identifying and defining the focus areas and respective targets of Kemira's corporate responsibility.

The identification of key stakeholders is based on two criteria at Kemira: 1) How our economic, environmental and social performance impacts the assessments and decisions of these stakeholder groups, and 2) How the assessment and decisions of these groups affect Kemira.

Kemira business characteristics affecting stakeholder expectations include e.g.:

- We are in the chemicals business, which also includes harmful and hazardous substances.
- We operate in a business to business environment with no direct contact to consumers.
- We are not ourselves directly involved in the utilization of natural resources (e.g. minerals, fibers) in our business. However, our customers in our three segments Paper, Oil & Mining and Municipal & Industrial do.
- Our customers are sustainability leaders in their sectors. Kemira participates in these value chains and is expected to demonstrate the same high commitment to sustainable business.
- Kemira shares are listed on the NASDAQ OMX Helsinki. A significant number of our investors represent Socially Responsible Investing (SRI).
- Sustainable business conduct is an important employee engagement driver according to our employee surveys.
- We have operations in many locations around the world. However, our units are generally small or mid-size and located in industrial areas such as chemical parks. Thus, they do not have a dominant position in their local communities, for example in terms of employment or environmental impacts.

STAKEHOLDER SURVEYS

We regularly conduct stakeholder surveys to identify and understand the key topics and concerns of our stakeholders, e.g. shareholders, customers and employees. The first survey was conducted in 2010, and another one in the fall 2013. In the fall 2014, we conducted a survey in our sales organization, in order to learn more about sustainability topics emphasized by our customers and how to help our sales engage with them on sustainability matters.

STAKEHOLDER ENGAGEMENT

Our approach to stakeholder engagement depends on different stakeholders and their expectations, and may include activities from information sharing to active dialogue and collaboration on issues of mutual interest. More detailed information is provided in the following table.

STAKEHOLDER ENGAGEMENT

| Kemira stakeholders (G4-24) | Basis for identification and selection of stakeholders (G4-25) | Kemira approach to stakeholder engagement (G4-26) | Key topics and concerns raised through stakeholder engagement (G4-27) | Kemira response (G4-27) |
|---|---|--|---|--|
| Shareholders and lenders | <ul style="list-style-type: none"> Share of value creation to investors and lenders through dividends and interests payments Shareholder expectations for return on investment, and for environmental & social performance and governance | <ul style="list-style-type: none"> Regular events like Capital Markets Day, roadshows, conference calls and one-to-one meetings. 280 events / meetings in 2014 | <ul style="list-style-type: none"> Integration of corporate responsibility with Kemira's strategy and business activities Potential business risks and opportunities related to corporate responsibility issues, transparency | <ul style="list-style-type: none"> Kemira's approach to corporate responsibility management Corporate responsibility reporting and disclosure to analysts and indexes (e.g. CDP) |
| Customers | <ul style="list-style-type: none"> Customers are the main source of value creation to Kemira Customer expectations and needs drive Kemira's product portfolio and service models | <ul style="list-style-type: none"> Direct customer contacts by Kemira sales organization Exhibitions and trade shows Product testing and plant trials Customer data requests regarding Kemira's sustainability performance | <ul style="list-style-type: none"> Product safety Transportation safety Reduction of the environmental impact in customers' processes and products | <ul style="list-style-type: none"> Product stewardship Transportation safety standards Sustainability checks in New Product Development projects |
| Employees | <ul style="list-style-type: none"> Share of value creation to employees through salaries and payments Employee well-being and capabilities influence our operational performance and value creation | <ul style="list-style-type: none"> Voices@Kemira employee survey biennially and a smaller scale employee survey Pulse twice a year Performance and Development Discussions twice a year Kemira European Forum Town hall meetings Compliance & Ethics Hotline | <p>Key topics and concerns based on the Voices 2013 survey:</p> <ul style="list-style-type: none"> Performance management and rewarding Learning and career development | <ul style="list-style-type: none"> Performance management process and leadership development Documented action-plans to respond to Voices@Kemira employee survey findings Internal skills development and training programs |
| Suppliers | <ul style="list-style-type: none"> Share of value creation to suppliers through payments for goods and services Supplier responsibility and performance influence Kemira's value creation capability and reduce business risk | <ul style="list-style-type: none"> Supplier performance management program and supplier sustainability assessments Working closely with core suppliers to help them meet Kemira expectations for performance and responsible business conduct. Corrective actions if needed | <ul style="list-style-type: none"> Kemira customers expect responsibility throughout the supply chain Business ethics and compliance | <ul style="list-style-type: none"> Kemira Code of Conduct for Suppliers, Distributors and Agents Supplier performance management program and supplier sustainability assessments |
| Local communities | <ul style="list-style-type: none"> Share of value creation to society through tax payments and employment The safety and environmental performance of our operations may impact local community acceptance and our license to operate | <ul style="list-style-type: none"> Collaboration with local communities at major sites to understand and address their concerns Open door events at sites Collaboration with schools and universities In 2014, approximately 85 community involvement activities were organized at 26 major Kemira sites | <ul style="list-style-type: none"> Safety, environmental, social and economic responsibility and impact | <ul style="list-style-type: none"> Transparency, continuous and open dialogue with local communities Regular environmental assessments |
| Regulatory bodies, trade associations, decision makers and opinion leaders | <ul style="list-style-type: none"> Stakeholders with capability to influence or make political decisions on environmental issues, climate change, and chemical legislation affecting Kemira's business | <ul style="list-style-type: none"> Participation in the activities of industrial trade associations Subject-specific dialogue with regulatory bodies on national and EU level Maintaining relationships with selected non-profit organizations | <ul style="list-style-type: none"> Resource efficiency Water quality and quantity Chemical substances used in shale gas and enhanced oil recovery Chemical risks and product stewardship | <ul style="list-style-type: none"> Water reuse position paper Active participation in CEFIC working groups |

2 MANAGEMENT APPROACH

2.1 CORPORATE RESPONSIBILITY AT KEMIRA

Our corporate responsibility management approach aims at identifying, understanding and managing the impacts of our business activities on the environment, people and society. For us, corporate responsibility means being responsible in our own operations and contributing to sustainable development throughout our value chain.

OUR COMMITMENTS AND POLICIES

Our corporate responsibility management approach is based on the **Kemira Code of Conduct** that reflects the principles set out in the OECD Guidelines for Multinational Enterprises. In addition to ensuring responsible business conduct in our own operations, we expect our suppliers and other business partners to maintain the same high standards of operation. These expectations are described in our **Code of Conduct for Suppliers, Agents and Distributors**.

Kemira became a signatory of the **United Nations Global Compact** in March 2014. We are committed to respecting and promoting human rights, implementing decent work practices, reducing our environmental impact and working against corruption.

Kemira is also a signatory of **Responsible Care**, a voluntary initiative of the international chemical industry that drives continuous improvement in health, safety and environmental performance.

The Kemira Code of Conduct, together with internal policies and procedures, set the standards for expected behavior within the company, and are integral elements of the management approach of corporate responsibility. Kemira policies are reviewed every second year to evaluate the need for any updates or complementation.



KEMIRA BECAME A SIGNATORY OF THE UNITED NATIONS GLOBAL COMPACT IN MARCH 2014.

MEMBERSHIPS

Kemira is a member of Chemical Industry Federation of Finland (CIFF) and European Chemical Industry (CEFIC). Kemira's CEO is a member of the CIFF and CEFIC Board. On a national level Kemira is, for example, a member of Cleantech Finland.

KEMIRA GROUP POLICIES

LEGAL

- Business Agreement Policy (2013)
- Competition Law Compliance Policy (updated 2014)
- Gifts, Entertainment and Anti-bribery Policy (2012)
- Policy for Issuing and Maintaining Policies (2012)
- Group Related Party Policy (2012)
- Kemira Subsidiary Governance Policy (2014)
- Kemira Oyj Procurement Policy (2013)

FINANCE & ADMINISTRATION

- Capital Investment Policy (2013)
- Cash Management Policy (2012)
- Credit Management Policy (updated 2014)
- Acquisition and Divestment Policy (2014)
- Approval Policy (2013)
- Inventory Policy (2012)
- Risk Management Policy (updated 2014)
- Tax Policy (updated 2014)
- Treasury Policy (updated 2014)
- Transfer Pricing Policy (updated 2014)

SOURCING & SUPPLY CHAIN MANAGEMENT

- Sourcing & Procurement Policy (updated 2014)
- Transportation & Logistics Policy (2014)

MANUFACTURING AND EHSQ

- EHSQ Policy (2013)
- Maintenance Policy (2013)

R&D AND IP

- Employee Invention Policy (updated 2014)
- Intellectual Property Rights Policy (2014)

HUMAN RESOURCES

- Compensation Approval Policy (2013)
- Recruitment Policy (2013)
- Global Travel Policy (2014)

IT

- Information Management Policy (2013)
- IT Security Policies (2012)

COMMUNICATIONS

- Communications Policy (2013)
- Sponsorship and Donation Policy (2013)

TARGET SETTING AND PERFORMANCE IN 2014

Our corporate responsibility is managed through target-setting, following the principles of continuous improvement. The KPI's for each focus area are reviewed annually.

Our corporate responsibility targets are discussed and approved by the Kemira Management Board. The Board of Directors is informed about the responsibility targets and related performance, and approves the annual corporate responsibility report.

FOCUS AREAS

| Focus area | Topic | KPI | KPI target value | KPI Status 2014 |
|---|--|--|---|------------------------------------|
| Sustainable products and solutions | Innovation sales | Share of innovation revenue of total revenue, % | 10% in 2016 | 8% |
| | Sustainability aspects in New Product Development (NPD) process | New NPD projects apply the sustainability check at Gate 1, % | 100% by the end of 2014 | Achieved |
| | | Existing NPD projects apply the sustainability check at Gates 2–4, % | 100% by the end of 2014 | Achieved |
| Responsible business practices | Kemira Compliance Program | Kemira Compliance Program established | Established by the end of 2014 | Achieved |
| Responsibility for employees | Employee engagement | Employee engagement index based on Voices@Kemira biennial survey | The index at or above the external industry standard by the end of 2015 | To be reported in 2015 |
| | | Participation rate in Voices@Kemira, % | 75–85% by the end of 2015 | To be reported in 2015 |
| | Occupational health and safety | Number of Total Recordable Injuries (TRI) (per million hours, Kemira + contractor, 1 year rolling average) | Achieve zero injuries | 5.8 |
| | Performance management | Kemira employees covered by the global Performance Management process, % | > 95% by the end of 2014 | Achieved: 95% |
| | Leadership development | People managers participated in global leadership programs at least once in period 2013–2015, cumulative % | > 95% by the end of 2015 | 46.4% |
| Responsible supply chain | Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) | Supplier contracts with signed CoC-SDA as attachment, % | 90% by the end of 2015 | 93% |
| | Supplier sustainability assessment | Number of core, strategic and critical suppliers covered by Supplier sustainability assessment | 45 by the end of 2014 | Achieved: 49 |
| Responsible manufacturing | Water efficiency | Baseline analyzed and water efficiency program defined | By the end of 2014 | Achieved, see the outcome on pp.18 |
| | Climate change | Kemira Carbon Index performance | Kemira Carbon Index ≤ 80 by the end of 2020 (2012 = 100) | 86.8 |
| Responsibility towards the local communities where we operate | Participation in local community involvement initiatives | Share of Kemira sites with over 50 employees participated in local community involvement initiatives at least once in period 2013–2015, cumulative % | 100% by the end of 2015 | 92% |

KEY ACTIVITIES IN 2014

THE HUMAN RIGHTS IMPACT ASSESSMENT

Kemira signed the UN Global Compact in March 2014. We follow the UN Guiding Principles on Business and Human Rights, and existing national guidelines in implementing the Guiding Principles. We conducted a Human Rights Impact Assessment in 2014. The objective was to identify human rights risk areas in our value chain and potential gaps in our current management approach.

Based on the results, potential risk areas in our value chain relate to our business relationships, chemicals safety, and expansion in emerging markets. We have prepared an action-plan with proactive measures to improve the integration of human rights into our current management approach.

SUPPLIER SUSTAINABILITY ASSESSMENT PILOT

Supplier Sustainability Assessments were conducted by an external third party company specialized in standardized supplier evaluation and auditing, following the principles of the UN Global Compact and Responsible Care.

WATER RISK ASSESSMENT

We conducted a water risk analysis in order to define potential risks posed by Kemira operations to local water resources and the environment, as well as potential risks to business due to water scarcity. The assessment was carried out at 54 sites globally by using the Global Water Tool (WBCSD) to identify hot spots, and the Local Water Tool to identify site-specific water risks. Based on the findings, we concluded that water risks are not material for Kemira on a global level. However, we identified four sites where more detailed assessments are required in order to define the management plan for the identified risks.

GLOBAL MANAGEMENT PROCESS DEFINITION FOR CORPORATE RESPONSIBILITY

We defined a management process for corporate responsibility and public affairs as part of a Kemira process architecture project. The process supports our organizational efficiency and collaboration by clarifying ownership and accountability, leveraging best practices, enhancing process management and continuous improvement capabilities.



WATER STEWARDSHIP PROJECT IN GUANGXI, CHINA

Kemira and Stora Enso jointly launched a 3-year "Water Stewardship – Shared Value Creation" project in Guangxi, Southern China in 2013. The project aims at responsible use of water resources in the local communities. It brings together Kemira's expertise in water quality management, Stora Enso's knowledge of tree plantation management as well as Guangxi communities' practical knowledge and experience in local water issues. The project improves the protection and management of water resources, and enhances awareness of matters relating to water.

An extensive study of water use, supply and quality in the villages around Stora Enso's plantations was conducted in 2014. Close to 1,100 people, representing villagers, authorities and local NGOs, participated in the interviews. Based on the study, Stora Enso and Kemira teams concluded that water-related issues are important in rural Guangxi and that concerns relating to eucalyptus plantations still remain. Local concerns include the amount and quality of drinking water, sewage treatment, and water used for irrigation purposes.

Kemira, Stora Enso, local villagers, and local collaboration partners NGO Greenovation Hub and Guangxi Marine Environmental Monitoring Central Station are working together in several pilot projects, in order to find innovative solutions to the water concerns raised in the study.

One example is the Baimei village where people make their living from chicken farming. The village has one well, but despite of their best efforts, it is not giving enough water and the water quality is uncertain. The plan is now to build a second well, improve the productivity of both wells, and maintain better water quality. We will also ensure that the used water will be treated before it is released back to the nature.

Other joint pilot projects in Guangxi include installing a new and bigger water reservoir, improving water availability, and wastewater treatment in both municipal and domestic sewage handling.

EXTERNAL SUSTAINABILITY RATINGS AND RECOGNITIONS

CDP



For the second consecutive year, we were recognized for our disclosure of information regarding climate change.

We were among the companies featured in the Nordic Climate Disclosure Leadership Index (CDLI), scoring 97B (96B in 2013). Our high disclosure score (97/100) reflects the depth and quality of climate change data we have disclosed. CDP's Nordic Climate Disclosure Leadership Index consists of companies graded within the top 10%.

ROBECOSAM SUSTAINABILITY ASSESSMENT

Kemira participated in the RobecoSAM corporate sustainability assessment for the second time in 2014 on a voluntary basis. However, our performance did not qualify us to be included in the RobecoSAM Sustainability Yearbook. The feedback gained from the process has helped us in identifying both our strengths and further improvement areas within corporate responsibility management. For example, customer relationship management and product stewardship are topics where further work is required to bring us at par with our well established management practices in environmental responsibility.

MONITORING THE EFFECTIVENESS OF THE MANAGEMENT APPROACH

Our approach to reducing Kemira's impacts on the environment and society is to a large extent based on the systematic implementation of the ISO standard based management systems. Our Environment, Health, Safety and Quality (EHSQ) policy requires all Kemira companies and operations to implement and maintain certified Environmental, Health, Safety and Quality management systems.

In Europe, we have implemented a European Integrated Management System, which brings our existing ERP processes, work procedures and responsibilities under one integrated management system. Similar work on a multi-site management system is under way in North America. We utilize extensive internal and external auditing and/or assurance in order to monitor the effectiveness of our management approach.

ASSURANCES AND AUDITS

Audit coverage of corporate responsibility areas in 2014

| Assurance unit | Economic | Environmental | Social |
|--|---|---|--|
| Internal assurance | | | |
| Kemira Internal Audit | <ul style="list-style-type: none"> Evaluation of internal controls Reliability of financial reporting Effectiveness and efficiency of operations | | <ul style="list-style-type: none"> Evaluation of internal controls Compliance with applicable laws and regulations |
| Supply Chain Management | | | Supplier performance management program |
| Environment, Health, Safety and Quality | | Management system audits Site specific EHS audits | Management system audits Site specific EHS audits |
| Product Stewardship and Regulatory Affairs | | | Product regulatory compliance at manufacturing sites |
| External assurance | | | |
| External certification partner for quality, environmental and safety management systems | | Assessing and auditing of Environmental Management Systems by ISO 14001 | Assessing and auditing Occupational Health and Safety management systems by OHSAS 18001 and quality management systems by ISO 9001 |
| External service provider for legal compliance auditing | | Legal compliance audits | Legal compliance audits |
| External service provider for financial auditing | Assessing and auditing financial statements | | |
| External service provider for corporate responsibility reporting assurance | | Assurance of the management and performance of environmental performance according to GRI | Assurance of the management and performance of social responsibility according to GRI |

RESPONSIBILITIES AND RESOURCES

Kemira's Director, Corporate Responsibility, leads the overall development and management of corporate responsibility activities.

The Corporate Responsibility team is responsible for

- managing the company-wide process to identify corporate responsibility priorities and targets
- coaching and supporting the organization
- coordinating, monitoring and reporting corporate responsibility related activities
- establishing the processes, tools and metrics to ensure compliance with relevant external standards, guidelines and expectations
- engaging in stakeholder dialogue related to corporate responsibility
- managing public affairs issues

Kemira segments and functions are key resources in corporate responsibility target implementation. The implementation is supported and coordinated by the Corporate Responsibility Management Team, chaired by Director, Corporate Responsibility.

Members of the Corporate Responsibility Management Team represent the organizational units that are responsible for the implementation and business integration of the corporate responsibility targets. Team members are responsible for the management and performance follow-up of target implementation in their respective organizational units, proposing target updates and KPI's to Kemira's Management Board, as well as for performance reporting. The team has regular monthly meetings with a scheduled annual agenda.

Our corporate responsibility targets are annually reviewed and approved by the Kemira Management Board. The approved targets are presented to the Board of Directors, which also approves the annual corporate responsibility report. Target performance follow-up is conducted every quarter, and the results are reported to the Management Board and Kemira stakeholders in our interim reporting.

2.2 SUSTAINABLE PRODUCTS AND SOLUTIONS

We innovate for sustainable products and solutions that reduce the environmental footprint of our customers. This includes that all Kemira products are safe to use for our employees, value chain partners and customers, and that appropriate regulatory approvals and registrations, documentation, and labeling are in place.

GROWTH FROM SUSTAINABLE PRODUCTS

Kemira provides expertise and tailored combinations of chemicals for the paper industry, oil, gas and mining, and municipal and industrial water treatment.

The use of our products and solutions benefits our customers by:

- Improving the properties and quality of the customer's end-product
- Improving the operational efficiency of customer processes and equipment
- Enabling the treatment, cleaning and conditioning of water: treating intake water for potable or process water use, re-use of water, sludge dewatering and capturing other soluble solid contaminants

The main product lines of Kemira comprise of polymers and other process chemicals, sizing and strength, coagulants and bleaching chemicals.

Kemira is seeking growth from new products and applications. We aim to increase our innovation revenue to 10% of total revenue by 2016. The revenue target for 2016 is EUR 250 million. In 2014, our innovation sales totaled EUR 164 million, which is approximately 8% (7%) of Kemira's revenue. By innovation sales we mean sales from new products or products to new applications launched within the past five years.

SUSTAINABILITY EVALUATION INTEGRATED INTO NEW PRODUCT DEVELOPMENT PROCESS

Our R&D and Technology function is responsible for all R&D activities in Kemira and coordinates the New Product Development (NPD) process activities across organizational units.

Sustainability aspects covering economic, environmental, and social impacts are systematically evaluated in the NPD process.

SUSTAINABILITY CRITERIA IN THE NPD PROCESS

| Environmental impact | Social impact | Economic impact |
|---|---|---|
| More efficient use of energy, water and raw materials | Improved safety and regulatory compliance of products and safety of manufacturing processes | Economic value to Kemira and Kemira's customers |
| Less waste and emissions | | |

The NPD process consists of development stages and decision gates (1–5). Successful projects must demonstrate high quality and business relevance from stage to stage. The process offers a systematic approach for evaluating and mitigating technical and market risks and understanding market potential.

Sustainability reviews are required at every stage of the NPD process to ensure that sustainability criteria are met. The evaluation is conducted considering impacts on both Kemira's own operations as well as on customers' processes. The NPD process also aims to identify more sustainable alternatives for raw materials.

In 2014, we reached our target to apply sustainability checks in all new NPD projects at Gate 1 and in existing NPD projects at Gates 2–4. The sustainability checks at Gates 1–4 are now based mostly on qualitative evaluation. We continue to develop the sustainability check towards more quantitative evaluation in order to be able to demonstrate the sustainability impacts with numerical benefits.

SUSTAINABLE INNOVATIONS DEVELOPED IN 2014 INCLUDE E.G.:

- New biocide targeted to paper machine surfaces for improved performance in biofilm control – thereby reducing total quantity of toxic chemistries needed and improving operational efficiency in paper production (Fennocide TR20)
- New thermally stable antiscalant, designed for scale inhibition in oilfield steam flood applications, enables heavy oil production in a field that would otherwise be shut-down and offers improved production yield through reduction in downhole deposition, formation plugging and decreased maintenance and shutdown times of axillary equipment (KemGuard® 2708)

PRODUCT STEWARDSHIP AT KEMIRA

At Kemira, product stewardship goes beyond regulatory compliance, which in itself sets tight controls on the manufacture and sale of chemicals.

One of the key principles of product stewardship for chemicals focuses on efficient risk assessment: identifying the intrinsic properties of the substance, the use conditions and the potential exposure to that chemical. This analysis helps us in focusing our product and process development efforts in areas where our impacts on the safety and sustainability of the value chain are the greatest. This approach is also an integral element of the global chemical industry's Responsible Care® initiative, which Kemira is committed to.

Kemira's customers are ambitious in their sustainability targets and follow several voluntary certification schemes, such as the EU Ecolabel, which set further expectations on our offering. Product stewardship and chemical management are also impacted by public discussions and concerns. Kemira follows all these developments closely and takes an active approach to fulfilling the expectations of different stakeholders.

PRODUCT REGULATORY COMPLIANCE

The manufacturing and sale of chemicals is widely regulated around the world. Regulation is developing rapidly, setting new demands on compliance.

There are various layers of regulations:

- 1) Regional and country specific inventories and substance registrations such as TSCA in USA (Toxic Substances Control Act), IECSC in China (China Existing Chemical Inventory), and REACH Regulation in EU
- 2) Regulations related to hazard communication: classification, labeling, safety data sheets
- 3) Application specific chemical regulations such as food contact regulations, biocide regulations and off-shore chemicals notification schemes
- 4) Operational and site specific requirements related to e.g. environmental permits for operations, and workplace health and safety regulations.

A centrally managed Product Stewardship & Regulatory Affairs organization gives an opportunity to optimize the efforts to comply with all relevant regulations across the globe.

Key activities relating to regulatory compliance in 2014 included:

- Preparations for the remaining EU REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) registrations continued, in order to meet the registration needs before the end of the third and final transitional registration deadline in 2018.
- Registration work under the EU Biocidal Products Regulation continued.

- In China, the required Hazardous Chemicals Registrations were completed in 2014.
- Implementation of the United Nations Globally Harmonized System (GHS) for classification and labeling of chemicals continued in several countries. We are prepared to implement the new classifications with new safety data sheets and labels by 1st of June 2015 in EU (under CLP Regulations for chemical mixtures), US and Brazil (chemical mixtures).

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS

Products and services (EN27, EN28)
Customer health and safety (PR1, PR2)
Product and service labelling (PR3, PR4)
Marketing communication (PR6)
Product compliance (PR9)

2.3 RESPONSIBLE BUSINESS PRACTICES

The management approach of Kemira's responsible business practices is based on the development and implementation of compliance management. We conduct our business ethically and in compliance with applicable laws, regulations and Kemira's own policies throughout the organization.

KEMIRA GROUP COMPLIANCE PROGRAM

The Kemira Code of Conduct, together with internal policies and procedures, sets the standards for expected behavior within the company. The Code requires compliance with laws and regulations and adherence to company policies by all Kemira employees.

Our Ethics and Compliance management is organized as part of the Legal function. It focuses on coordinating and developing our compliance activities and promoting the principles of ethical business behavior.

The Kemira Compliance Program was launched in 2014 to further develop compliance management at Kemira on a continuous basis. Key achievements during the year included the establishment of a Compliance Committee, definition of the process for handling non-compliance issues, and validation of the compliance training portfolio.

The Compliance Committee reviews all non-compliance cases reported through the Ethics and Compliance Hotline and other channels, and decides on the relevant resolution processes. Members of the committee include the Group

General Council, Chief Internal Auditor, and Director, Ethics and Compliance.

Our compliance training portfolio covers eLearning modules for Code of Conduct, Competition Law, Insider information and Anti-Bribery.

KEMIRA CODE OF CONDUCT

The Kemira Code of Conduct sets guidelines for different aspects of business conduct in line with our values, the principles set out in the OECD Guidelines for Multinational Enterprises and other norms and regulations. The current and revised Code was approved by the Board of Directors in December 2012, and its implementation began in the beginning of 2013.

Kemira policies and procedures complement the Code of Conduct. All our policies and procedures are regularly reviewed and updated.

Kemira has zero tolerance for breaches of competition law and we do not tolerate any corruption or bribery. Environment, health and safety, and respect for human rights are also highlighted in the Code. Kemira does not accept financial support to politicians, political parties or political organizations. The main channels for Kemira to contribute to public policy development are through relevant trade and industry associations.

CODE OF CONDUCT TRAINING

All our employees are expected to comply with the Kemira Code of Conduct. Training is organized to raise awareness of the Code's requirements and of how to report non-compliance. Our target in 2013 was to train all Kemira employees on the Code. 90% of the employees completed the training in 2013. We have continued the training in 2014 with a completion rate of 95%. All new employees are trained as part of the induction process, and all employees are invited to repeat the training on a regular basis. All completed trainings are registered in the Kemira Learning Management System.

The Code of Conduct is available in 21 languages and distributed to all our employees. It can also be found at www.kemira.com.

ETHICS AND COMPLIANCE HOTLINE

Kemira Ethics & Compliance Hotline was launched in 2013 as a 24/7 service for employees to report any non-conformities with law or the Code of Conduct. Reporting can be done anonymously either by calling the hotline or filling in a web form. Awareness about the hotline has been promoted through employee communications. The hotline is maintained by an external service provider to enable anonymous contacting.

In addition to the hotline, employees can report suspected non-conformities to their own line management, Kemira's Ethics and Compliance or Internal Audit functions. In 2014, 22 notifications were received through the hotline, and all cases were handled and closed during the year.

An email address sustainability@kemira.com is available for external enquiries and reporting of potential misconduct with respect to Kemira or its business partners. This information is available on our website as well as in the Kemira Code of Conduct for Suppliers, Agents and Distributors.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS

- Anticorruption (SO3, SO4, SO5)
- Public policy (SO6)
- Anticompetitive behaviour (SO7)
- Compliance (SO8) (EN29 by EHSQ ,PR9 by PSRA)
- Grievance mechanism (EN34, LA16, HR12, SO11)



2.4 RESPONSIBILITY FOR EMPLOYEES

Kemira's responsibility for employees focuses on safety, employee engagement, performance management and leadership development. Our management approach is aimed at ensuring a safe workplace as well as the necessary know-how, strong leaders and engaged people to successfully execute Kemira's strategy.

SAFETY AT WORKPLACE

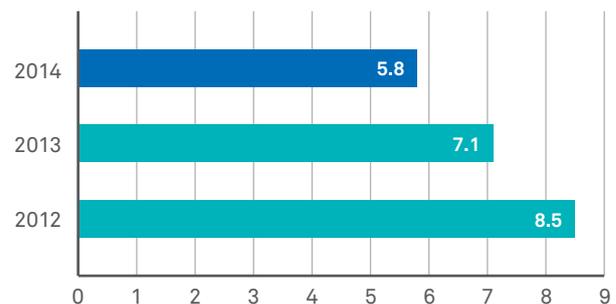
Kemira's vision is "Zero harm to people". We include both our own employees as well as contractors working at our sites and facilities in our safety efforts and reporting.

Kemira maintains a strong culture for safety through committed management, skilled and well-trained employees, consistent incident and observation reporting and improvement actions addressing root causes. In 2014, we introduced seven internal standards with health, safety and environmental practises in our operations globally, e.g. Process Safety Standard, Transportation Standard, Facility Standard and Laboratory Standard.

Our policy is to have all manufacturing sites certified in accordance with the OHSAS 18001 occupational health and safety management system standard. By the end of 2014, 75% of Kemira's manufacturing sites were covered by the OHSAS 18001 certification.

Our safety performance is measured by TRI frequency (Total Recordable Injuries per million work hours) which includes fatalities, lost time injuries, restricted work cases and medical treatment cases involving both Kemira employees and contractors working for Kemira. The improving performance trend since 2012 is reflecting the positive development of our safety culture, systems and awareness. By the end of 2014, we reported 5.8 injuries per million work hours. Contractor work hours have been included in the TRI frequency in 2014. No fatalities have been associated with Kemira employees since 2005.

TRI FREQUENCY PER MILLION WORKING HOURS
Kemira personnel and Contractors

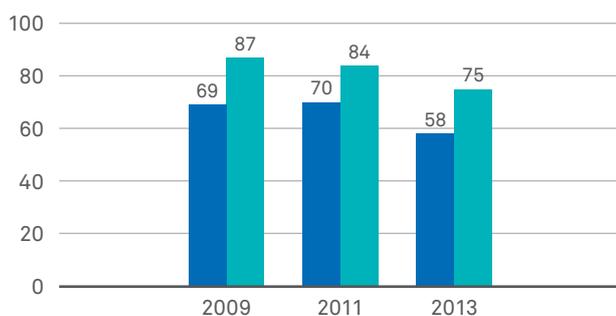


EMPLOYEE ENGAGEMENT

Engaged employees are highly committed to their employer and motivated to perform. Kemira is regularly conducting employee surveys to gather employee feedback and measure employee engagement.

A comprehensive Voices@Kemira survey is conducted biennially. The survey focuses on employee engagement; what factors motivate Kemira employees to succeed. Other important themes include strategy and leadership, growth and development, performance management, corporate responsibility, collaboration and communication, as well as the Kemira values. A smaller scale employee survey Pulse is conducted twice per year. Kemira's target is to have an employee engagement index at or above the industry norm and a participation rate of 75–85% by the end of 2015.

EMPLOYEE ENGAGEMENT
Employee engagement index at or above the external industry norm by 2015, participation rate 75–85%



■ Employee engagement index, %
■ Participation rate, % of total employees

In 2013, Kemira was implementing organizational restructuring measures, which is presumably one of the reasons for a lower response rate and engagement index. The next survey is due in 2015.

VOICES@KEMIRA SURVEY RESULTS

According to the Voices@Kemira 2013 survey, Kemira employees find their jobs challenging and interesting, with good opportunities for career development. We have continued to focus on offering learning and career development opportunities for our employees through job rotation, open job market, and by defining career paths. Additionally, the implementation of several online applications provides employees and managers with an easy access to development tools and processes.

Enhancing performance management, especially accountability for low performance was recognized as a development area. This has been addressed by developing

and expanding the coverage of our global Performance Management process during 2014. Other key focus areas during the year included engaging teams and individuals in Kemira's strategy through quarterly business reviews, team meetings to discuss strategy and business results as well as senior management and CEO visits to local sites. The latest Pulse survey, conducted in Q4 2014, indicates an improvement in all areas of employee engagement.

In 2014, 95% of all managers that had teams participating in the Voices@Kemira survey prepared an action-plan and started its implementation to address the development areas raised in the survey. Improving employee engagement was one of the key priorities and bonus targets for Kemira's top management in 2014.

PERFORMANCE MANAGEMENT

Kemira's Performance Management process covers both Performance and Development Discussions (PDD) and Performance Evaluation. The implementation of the Performance Management process has enabled the consistent and aligned target-setting throughout Kemira. Strategic goals are converted to a strategic roadmap, which translates into annual targets for each employee.

The PDDs are held twice a year between the manager and employee with focus on setting, following-up and evaluating performance targets, discussing employee's career aspirations, identifying and agreeing upon short and long-term personal development needs and related actions.

Our target in 2014 was to have 95% employees covered by the global Performance Management process, including blue-collar employees at manufacturing sites. This target was achieved.

LEADERSHIP DEVELOPMENT

Kemira's Leadership Development programs aim at developing capable leaders who are well-equipped to create and implement strategy and lead people.

In 2014, we updated our program portfolio to address the current demands for leadership; innovation leadership, leading a sustainable business, and leading and managing in a networked environment were some of the new themes included.

We strive to develop leaders within. This is enabled through our talent management and succession planning process, which was expanded to cover all units in 2014.

One of the most effective ways to develop leadership capabilities is on-the-job learning. We encourage job rotation across the organization through open job market, cross-functional resourcing reviews in management teams, and communicating about the different professions at Kemira. The job-rotation intensity has significantly increased at Kemira in 2014.

Our target is to involve people managers in global leadership programs at least once in the period 2013–2015. By the end of 2014, 46.4% (cumulative 2013–2014) of our leaders had participated in one or more of our globally offered development programs. By the end of 2015 we aim to have covered 95% of leaders respectively.

PEOPLE PROCESS DEVELOPMENT

The implementation of several online tools enabling the consistent execution of people processes such as talent management, learning management, recruitment and compensation management were completed in 2014. With these online tools people managers and HR are able to manage people processes efficiently. For example the learning management tool enables an online training portfolio available to all employees and the management of information relating to completed training activities.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS
 Employment (LA1, LA2)
 Labor/Management Relations (LA4)
 Occupational health and safety (LA6)
 Training and education (LA9, LA10, LA11)
 Diversity and equal operation (LA12)
 Equal remuneration for women and men (LA13)
 Non-discrimination (HR3)
 Freedom of association and collective bargaining (HR4)
 Human rights assesment (HR9)



2.5 RESPONSIBLE SUPPLY CHAIN

The environmental and social impacts of Kemira’s supply chain can be influenced through supplier selection, contract negotiation and supplier performance management. Our management approach is aimed at building a culture of responsibility in the supply chain management, developing responsible business practices in the supply chain, and minimizing business disruption due to potential environmental or social issues.

KEMIRA’S SOURCING AND SUPPLY CHAIN (G4-12)

Our Sourcing is globally responsible for strategic spend management and is independently organized from the operational supply chain management services. Sourcing activities cover the identification of suppliers, negotiation and contract management as well as the management of supplier relationships.

Supply Chain Management provides supply chain related services to all business segments, once the supplier relationships are established by Sourcing. Supply Chain Management services cover customer service, logistics, supply chain planning, and procurement. The Supply Chain Management is organized in four regional units providing all the services within the respective region.

The total spend of Kemira's direct and indirect sourcing was about EUR 1.7 billion in 2014. The total number of direct and indirect suppliers is about 13,000 including all sourcing categories on both global and local level. Geographically 82% of these supplies are from EMEA and NAFTA.

KEMIRA HAS ABOUT 650 DIRECT MATERIAL SUPPLIERS. THE 120 CORE VENDORS MAKE 80% OF THE DIRECT MATERIAL SPEND.

BY THE END OF 2014, 49
SUPPLIER SUSTAINABILITY
ASSESSMENTS HAD BEEN
CONDUCTED.

DISCIPLINED MANAGEMENT OF SUPPLIER RELATIONS

The supplier relationship management at Kemira is built on three pillars: supplier segmentation, commitment to responsible business conduct, and supplier performance evaluation.

The supplier selection criteria are based on cost competitiveness, short-term operational excellence and long-term business stability. All activities of any Sourcing personnel or anyone within Kemira committing to any spend are governed by the Kemira Code of Conduct. Suppliers are expected to adhere to responsible business conduct by signing the Code of Conduct for Suppliers, Distributors and Agents.

Kemira launched a Supplier Performance Evaluation (SPE) program in 2012. The evaluation covers multiple aspects of the supplier's operations. We have also initiated a Supplier Sustainability Assessment as part of Supplier Performance Management program.

CODE OF CONDUCT FOR SUPPLIERS, DISTRIBUTORS AND AGENTS (COC-SDA)

All our suppliers must follow our Code of Conduct for Suppliers, Distributors and Agents in their activities with Kemira. The CoC-SDA sets requirements e.g. for responsible business conduct, respect for human rights and environmental responsibility. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value of EUR 200,000 for Indirect and EUR 500,000 for Direct Materials. Should a supplier refuse to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such a supplier.

Our target is that by the end of 2015, 90% of repeat suppliers have signed the CoC-SDA when the purchase contract is made. By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. The effective tracking of CoC-SDA for supplier contracts and the timely resolution of non-compliance issues have been key activities in reaching the target. The signed CoC-SDAs are registered in the Kemira contract archive.

SUPPLIER SUSTAINABILITY ASSESSMENT

Kemira's practice to measure, analyse and drive its suppliers' performance towards continuous improvement and to alleviate potential risks is managed through the Supplier Performance Management program. We conduct supplier performance evaluations and rate our suppliers for the accuracy of price and quantity, delivery compliance and quality claims, in order to identify potential issues that need improvement.

Supplier Sustainability Assessments have been initiated as part of the Supplier Performance Management program. These assessments cover the most critical and risky suppliers based on segmentation by several criteria, including the value of the spend, technology and capability fit with Kemira's needs, as well as a set of risk factors.

Supplier Sustainability Assessments are conducted by an external third party company specialized in standardized supplier evaluation and auditing based on the principles of the UN Global Compact and Responsible Care. Our target in 2014 was to assess 45 suppliers. Approximately 60 suppliers were invited to participate, covering mainly direct material suppliers but also some service and logistics providers. By the end of 2014, 49 supplier assessments had been conducted.

LOGISTICS OPERATIONS AND TRANSPORTATION SAFETY

Greenhouse gas emissions from our upstream and downstream transportation and distribution cover approximately 10% of our Scope 3 emissions. This is significantly more than Kemira's Scope 1 emissions from our manufacturing. The key measures to lower our environmental impact caused by transportation are the optimization of logistic operations and selection of logistics service providers that are committed to using vehicles compliant with the latest emission standards and load optimization. Safety and environmental requirements are taken into account in logistics sourcing and contract negotiation.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS

Supplier assessment (EN32, LA14, HR10, SO9)
Emissions (EN17) – Scope 3 related to supply chain
Transport (EN30)

2.6 RESPONSIBLE MANUFACTURING

The main environmental and social impacts of Kemira's manufacturing operations are through greenhouse gas emissions and process safety. In 2014, we focused on reducing greenhouse gas emissions, conducting a water risk assessment and ensuring the safety of our operations.

CLIMATE CHANGE

Kemira introduced a climate change target in January 2014. We aim to reduce the Kemira Carbon Index by 20 percentage points by the end of 2020 compared to the baseline year 2012. Our key measures to lower greenhouse gas emissions include improving energy efficiency at manufacturing sites and purchasing energy and primary fuels with a lower carbon footprint. Our strategy is to continue to decrease the share of fossil fuels in our energy mix and to improve our energy efficiency in order to both decrease our environmental impact and to lower our operational costs. Our energy efficiency and emission reduction measures focus on the top 14 sites of our manufacturing network of 59 sites (year end 2014). These 14 sites consume 90% of energy and produce 95% of our CO₂ emissions.

ENERGY EFFICIENCY IMPROVEMENT (SCOPE 1)

Energy efficiency improvement is important to us also due to the considerable effect of energy costs on our total spend. Our energy efficiency improvement measures in 2014 included e.g. process lead-time improvements and investments in more energy efficient process equipment. Two energy intensive chlorate plants in Finland, Joutseno and Sastamala, were updated with modernized process equipment.

In 2014, Kemira's energy savings totaled EUR 1.2 million, and 1855 MWh as energy. Cumulative cost-savings since 2010 total EUR 8.4 million. These savings result from 9 (cumulatively approximately 400) different completed initiatives.



GENERATING ELECTRICITY WITH ZERO EMISSIONS IN BRADFORD

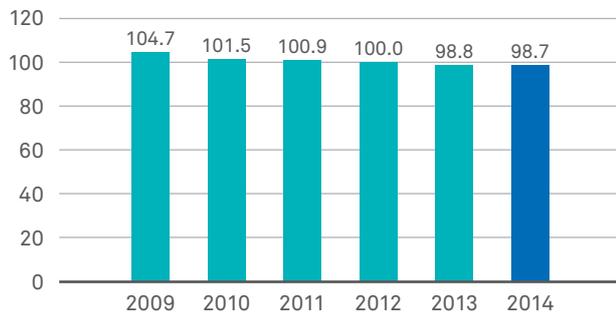
Kemira's Bradford site has been taking steps to reduce the financial and environmental implications of its use of natural gas and electricity. A great deal of work has been done to increase the energy efficiency of the Bradford manufacturing operations, resulting in 20% reduction in energy consumption per ton of production, compared to the 2001 levels.

Solar Photovoltaic panels have also been installed on the roof of the Bradford warehouse to enable the site to generate its own clean electricity. The system consists of 1000 solar panels, each rated to 250W, giving a total installed capacity of 250kW. The system is expected to generate an annual total of approximately 180MWh of electricity with zero emissions, reducing the CO₂ emissions related to the Bradford operations by in excess of 75,000kg per year.

PURCHASED ENERGY (SCOPE 2)

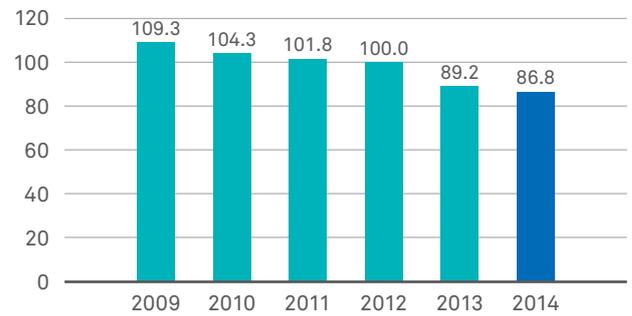
Kemira's operations in Finland are the biggest energy user in the Kemira group. These operations also use a significant amount of electricity from renewable and low carbon sources. Kemira owns shares in energy production companies PVO (Pohjolan Voima Oy) and TVO (Teollisuuden Voima Oy) and receives guarantee of origin certificates for hydro electricity. The issued guarantees are used by Kemira.

KEMIRA ENERGY EFFICIENCY INDEX

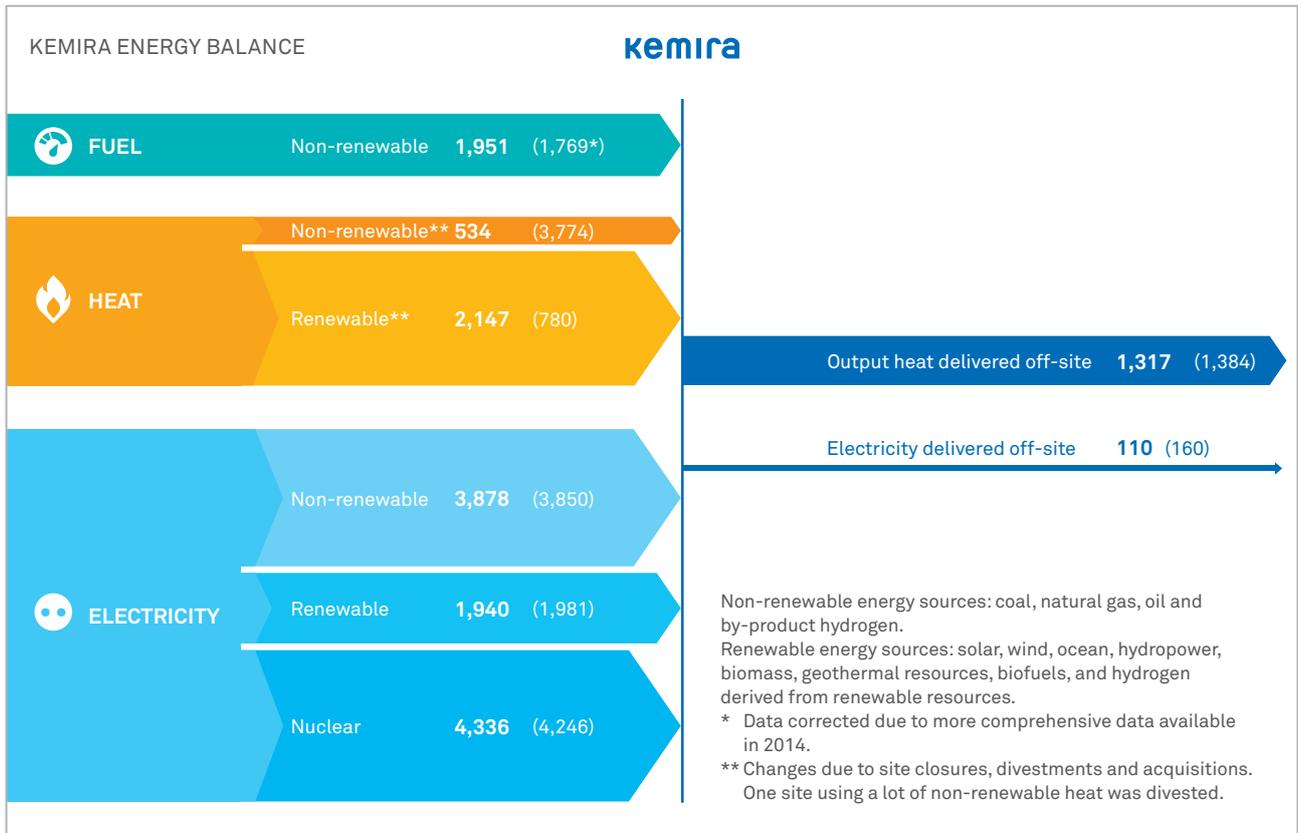


The Energy Efficiency index is the ratio of energy use and production normalized to 2012 for the top sites using 90% of energy. The index is calculated for major sites that cover > 90% of Kemira's total energy use. The index is independent of the impact of changes in the production mix and volumes. The index enables us to monitor energy efficiency from the consolidated perspective as well as locally at each site, reflecting the actual improvements we have achieved.

KEMIRA CARBON INDEX
Based on Scope 1 and Scope 2 emissions



Kemira Carbon Index was defined to monitor our CO₂ performance from both consolidated and individual manufacturing site perspective. The Kemira Carbon Index covers CO₂ emissions of Scope 1 and Scope 2 excluding direct emissions from chemical processing, and is not dependent on production mix or volumes.



WATER EFFICIENCY

Our target for water efficiency was set in 2012. We wanted to analyze the baseline of our water usage in relation to environmental impact and local water availability and to define a water efficiency program by the end of 2014. The goal was to understand what kinds of water management measures may be required on both global and local level. In 2013, we harmonized our water data collection from our manufacturing sites and focused on data accuracy improvement and reporting. In 2014, a water risk assessment was conducted to define potential risks from Kemira operations to local water resources and environment, and any potential risks to business due to water scarcity.

In Kemira's manufacturing, water is mainly used as process water and cooling water. The assessment was carried out at 54 sites globally by using the Global Water Tool (WBCSD) to identify hot spots, and the Local Water Tool to identify site specific water risks.

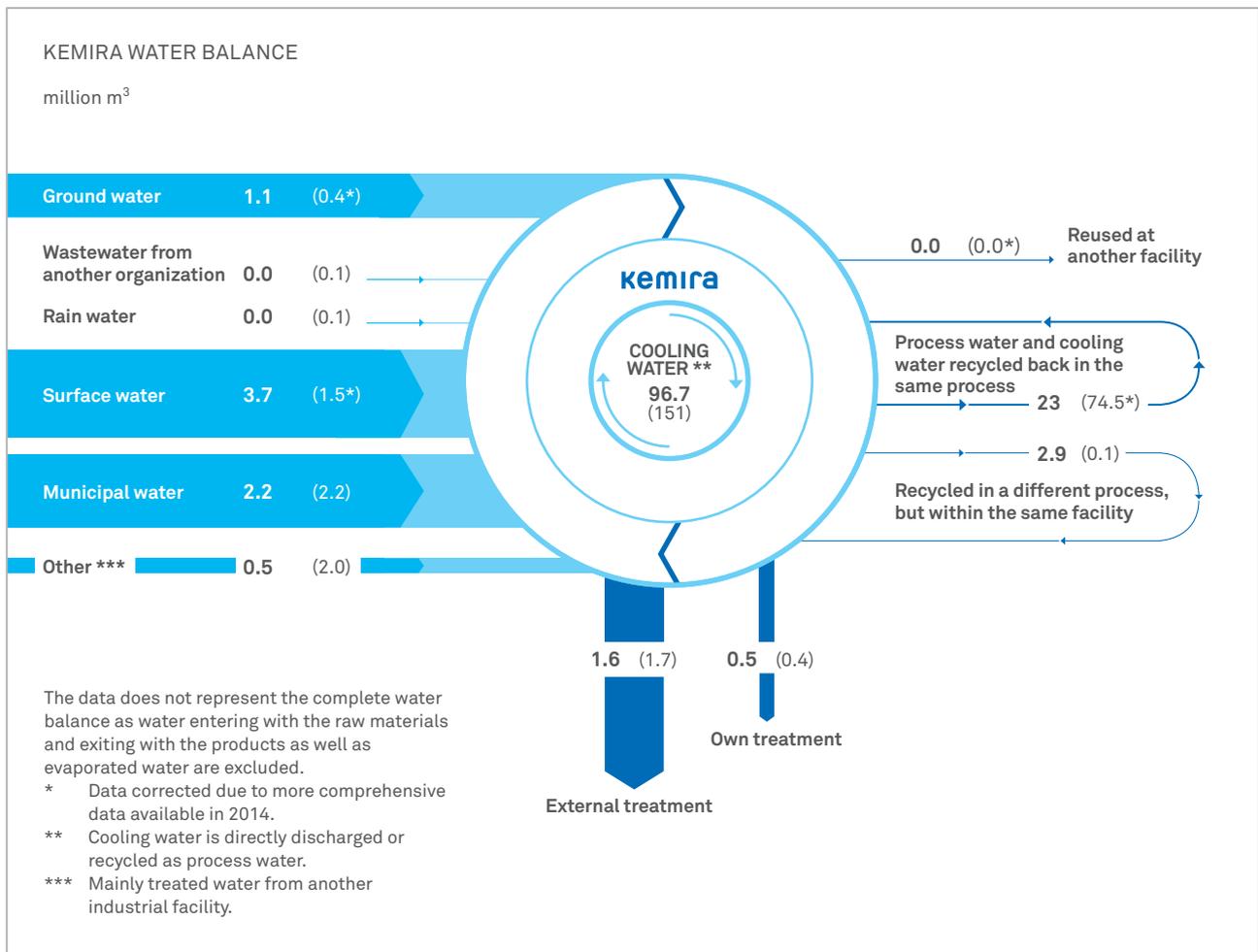
The Global Water Tool results show that three manufacturing sites are located in areas with extreme water scarcity (Annual Renewable Water Supply per Person <500 m³/person/year).

Four sites were selected for more detailed risk assessment based on two criteria: 1) Global Water Tool results: If the site is in an area of extreme scarcity and 2) Kemira's water usage data: If the site is among the TOP 5 users of process water in general, or a user of high amounts of ground water or municipal water.

The Local Water Tool results indicate that Kemira operations pose a low risk to local water resources. However, water scarcity may pose a business discontinuity risk to Kemira operations at one manufacturing site.

Kemira's water usage was also benchmarked to other companies in the chemical industry sector. Our water intensity is below the industry average when only process water is taken into account but above the average when cooling water in circulation is included.

Based on the findings, it can be concluded that water risks are not material for Kemira on a global level. However, on a local level site specific approaches for managing water related risks are relevant. Water withdrawal and discharge will be included as new environmental aspects in the ISO 14001 management system. In addition, at the four selected sites a detailed assessment will be conducted to define the management plan going forward.



MANAGEMENT SYSTEMS

Our approach to reducing Kemira’s environmental impacts and improving the safety of our manufacturing operations is based on the systematic implementation of the ISO standard based management systems and the LEAN culture

Our Environment, Health, Safety and Quality (EHSQ) Policy requires all Kemira companies and operations to implement and maintain certified Environmental, Health, Safety and Quality management systems.

Our LEAN manufacturing culture aims at continuous improvement to achieve more with less while providing increasing value to customers. Measures include e.g. the optimization of value chains and flows of information and improving production efficiency.

CERTIFIED MANUFACTURING SITES, %



CERTIFIED SITES BY THE END OF 2014

| 2014 Manufacturing sites by region | Total # of sites | ISO 9001 certification | | ISO 14001 certification | | OHSAS 18001 certification | |
|---------------------------------------|------------------|------------------------|-----------|-------------------------|-----------|---------------------------|-----------|
| | | # | % | # | % | # | % |
| EMEA | 32 | 30 | 94 | 28 | 88 | 27 | 84 |
| North America | 22 | 14 | 64 | 14 | 64 | 14 | 64 |
| South America | 3 | 3 | 100 | 2 | 67 | 2 | 67 |
| APAC | 2 | 2 | 100 | 1 | 50 | 1 | 50 |
| Total | 59 | 49 | 83 | 45 | 76 | 44 | 75 |

SAFETY AT MANUFACTURING SITES

Kemira has continued to implement its EHSQ strategy introduced in 2013. In 2014, our focus was on implementing the strategic roadmap towards becoming world-class in EHSQ.

We have also continued to introduce new EHS standards e.g. for process safety and transportation safety. We have provided training for our employees on the new EHS standards in order to improve workplace safety.

KEMIRA'S EHSQ VISION IS:

Zero harm to people through health & safety excellence
 Zero environmental harm through environmental excellence
 Customer satisfaction through operational excellence

The minimum requirements for Safety, Environment and Health protection, Incident reporting and management are described in the Kemira EHS standards that are approved by the Management Board. Local procedures are developed based on Kemira standards, local legislation, regulations

and culture. Training for standards is an important part of the implementation. Regular audits are also conducted to follow-up the standard implementation.

MANAGING THE ENVIRONMENTAL IMPACTS OF OUR MANUFACTURING OPERATIONS

We conduct environmental impact assessments and emission monitoring at every manufacturing site as defined by the regulatory requirements, the ISO 14001 management system and Kemira’s own internal standards.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS

Materials (EN1, EN2)
 Energy (EN3, EN5, EN6)
 Water (EN8, EN10)
 Emissions (EN15, EN16, EN17, EN18, EN19, EN20, EN21)
 Effluents and waste (EN22, EN23, EN24, EN25)
 Environmental expenditures and investments (EN31)
 Environmental compliance (EN 29)
 Local communities (SO2)

2.7 RESPONSIBILITY TOWARDS THE LOCAL COMMUNITIES

Kemira wants to promote positive interaction with the communities where we operate. Our focus is on ensuring that we have continuous dialogue with local communities to understand and to respond to their needs, concerns and expectations. In addition, we want to provide opportunities for Kemira employees to participate in local community initiatives, which also has a positive impact on employee engagement.

Our community involvement activities are globally coordinated but locally planned and implemented. The Communication & Corporate Responsibility function is responsible for global guidelines, coordination and reporting while site management is responsible for the implementation of local activities.

Our global guidelines for the planning of local community events were updated in 2014. Kemira’s engagement themes relate to safety in the vicinity of our manufacturing

sites, people safety and wellbeing, water and chemistry. Kemira’s Group Sponsorship and Donation Policy (2013) provides guidance on the extent and purpose of acceptable cash donations.

Our community involvement target is to engage all Kemira sites with over 50 employees (26 sites in 2014) in local community initiatives at least once in the period 2013–2015 (cumulative %). By the end of 2014, 92% of Kemira’s sites had organized local events and activities, with some sites hosting multiple activities over the year. Activities are selected according to local customs and requirements. Some examples of local activities are open house days for community residents at manufacturing sites, cooperation with local schools and universities, and local charity work and donations.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS Local communities (SO1, SO2)

EXAMPLES OF COMMUNITY INVOLVEMENT

USA, Columbus

Close cooperation with a local elementary school and a joint safety exercise with the local rescue department

- Introducing Kemira’s plant as a safe actor in the community

Finland, Helsinki

Sponsoring Gadolin chemistry class

- Promoting chemistry to thousands of school kids and their teachers

Also Kemira’s own employees can visit the class with their children

Brazil, Sao Paulo

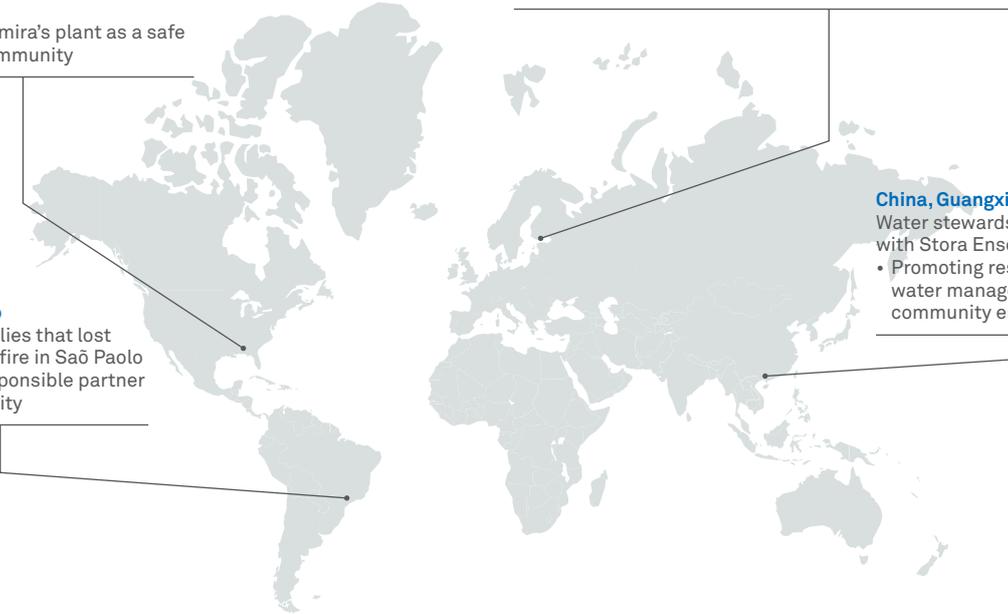
Donation to families that lost their homes in a fire in São Paulo

- Acting as a responsible partner in the community

China, Guangxi province

Water stewardship project with Stora Enso

- Promoting responsible water management through community engagement



In 2014, approximately 85 community involvement activities were organized at 26 major Kemira sites.

3 PERFORMANCE DISCLOSURES

3.1 ECONOMIC PERFORMANCE INDICATORS

MATERIAL ASPECT: ECONOMIC PERFORMANCE

G4-EC1: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Sustainable organic growth, financial stability and long-term profitability are material to Kemira in order to be a trusted business partner for customers and suppliers, a reliable employer, an attractive long-term investment and a responsible taxpayer.

Kemira generates economic value from expertise, products and solutions that help customers improve their process efficiency, end-product quality and to treat water for the desired quality and purity. Kemira distributes the generated economic value to various stakeholders. This includes suppliers and service providers through payments for raw materials and services, employees through compensation and benefits, capital providers through dividends and interest payments, public sector through taxes and society through local community projects, sponsorship

and donations. The economic value retained is reinvested in the company for capital investments, R&D and technology development.

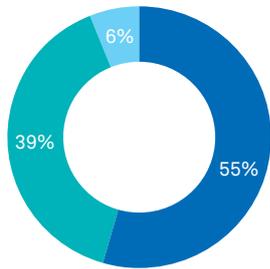
The management approach to economic value generated and distributed is based on the Finnish Corporate Governance Code and the Limited Liability Companies Act, which states that the purpose of a company is to generate profits for its shareholders, unless otherwise provided in the Articles of Association. Kemira has defined its mid-term financial targets as follows: revenue target EUR 2.7 billion and EBITDA level 15% by the end of 2017. The Group's financial targets are translated into business goals and performance measures per segment and further to individual employee's performance targets. Kemira reports and discloses its financial statements in accordance with the International Financial Reporting Standards (IFRS).

The overall responsibility for financial performance at group level belongs to the Board of Directors and CEO. Kemira has organized its global activities by three business segments, which bear full profit and loss responsibility. The segment heads are members of the Management Board. For detailed information, see Kemira Corporate Governance Statement.

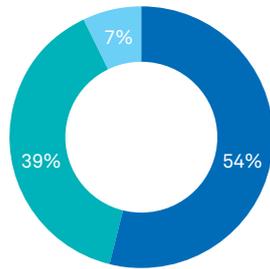
| Stakeholder | Economic value (on cash basis), EUR million | 2014 | 2013 | 2012 | 2011 |
|--|--|--------------|--------------|-------------|-------------|
| Direct economic value generated | | | | | |
| Customers | Income from customers on the basis of products and services sold, and financial income | 2,100.3 | 2,267.8 | 2,312.1 | 2,192 |
| Economic value distributed | | | | | |
| Suppliers | Payments to suppliers of raw materials, goods and services | 1,683.5 | 1,686.2 | 1,736.5 | 1,654 |
| Employees | Employee wages and benefits | 283.3 | 327.1 | 340.4 | 299.3 |
| Shareholders & lenders | Dividends, interests paid and financial expenses | 111.8 | 112.8 | 113.8 | 101.4 |
| Public sector | Corporate income taxes | 33.4 | 26.5 | 30.2 | 37.4 |
| Economic value retained | | -11.7 | 115.2 | 91.2 | 99.9 |

Community investments were EUR 0.1 million in 2014 (EUR 0.33 million) through sponsoring and local community participation.

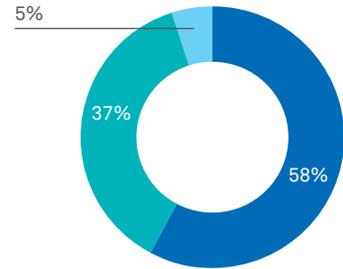
REVENUE BY CUSTOMER LOCATION



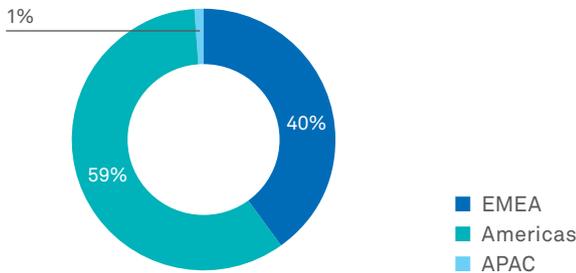
PAYMENTS TO SUPPLIERS OF RAW MATERIALS, GOODS AND SERVICES



EMPLOYEE WAGES AND BENEFITS



CORPORATE INCOME TAXES



- EMEA
- Americas
- APAC

OUR APPROACH TO TAX

Business rationale: We are a responsible corporate citizen in all our operating countries. Kemira’s tax approach supports responsible business performance. Our tax approach is based on our corporate strategy and values, the Kemira Code of Conduct and our tax policies. We target upfront certainty on our tax positions. We do not operate in tax haven countries for tax reasons.

Compliance: Our principle is to strictly follow and pay taxes in accordance with all relevant tax rules and regulations as well as international best practices in all regions where we operate. In addition to corporate income taxes, Kemira pays other taxes, including payroll taxes, social security contributions, property taxes, value added taxes, customs duties, etc.

Transparency and relationship with tax authorities: We are transparent about our approach to tax. We seek to develop and maintain good working relationships with the tax authorities and aim at open and constructive dialogue with them. Disclosures are made by observing applicable disclosure, documentation and reporting requirements such as IFRS.

Transfer pricing: Kemira applies the arm’s length principle and targets an appropriate remuneration of the activities amongst related parties in accordance with internationally accepted standards, such as the OECD Guidelines.

G4-EC3: COVERAGE OF THE ORGANIZATION’S DEFINED BENEFIT PLAN OBLIGATIONS

The coverage of Kemira’s defined benefit plans are reported in the Notes to the Consolidated Financial Statements 23: Defined benefit plans. Kemira has various pension plans in accordance with local conditions and practices. The percentage of salary contributed by employee or employer to the benefit plan, and the level of participation in retirement plans are defined according to local legislation and practices.

G4-EC4: FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

Financial assistance received from governments is reported in the Notes to the Consolidated Financial Statements 4: Operating expenses. Kemira received EUR 2.1 million (EUR 3.5 million) in government grants for R&D in 2014 in Finland.

3.2 ENVIRONMENTAL PERFORMANCE INDICATORS

MATERIAL ASPECT: MATERIALS

G4-EN1: MATERIALS USED BY WEIGHT OR VOLUME

The main share of Kemira's raw materials are non-renewable materials. The renewable materials used include starches, tall oil, and fatty acid derivatives.

G4-EN1: MATERIALS USED BY WEIGHT

| | 2014 | 2013 | 2012 |
|--|-------|--------|------|
| Total materials purchased, million tonnes | 3.6 | 3.9 | 3.6 |
| Renewable materials used, million tonnes | 0.059 | 0.059* | 0.03 |
| Non-renewable materials used, million tonnes | 3.6 | 3.9 | 3.6 |
| Share of renewable materials, % | 1.6% | 1.5%* | 0.8% |

*) Data corrected due to more comprehensive information available in 2014

KEMIRA IS USING SIGNIFICANT AMOUNTS OF INDUSTRIAL BY-PRODUCTS AND RECYCLED MATERIALS FROM EXTERNAL PARTNERS IN THE PRODUCTION OF COAGULANTS.

G4-EN2: PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS

Kemira is using a number of raw materials classified as industrial by-products or recycled input materials in its production of water treatment chemicals. Materials considered as by-products or waste in various other industries can be an important raw material for us. These materials include e.g. scrap iron, ferrous sulphate and pickling bath liquor.

G4-EN2: PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS

| | 2014 | 2013 | 2012 |
|---|-------|--------|-------|
| Total materials purchased, million tonnes | 3.6 | 3.9 | 3.6 |
| Industrial by-product and recycled input materials from external partners, million tonnes | 0.897 | 0.913* | 0.938 |
| Share of by-product and recycled materials, % | 25% | 23% | 26% |

*) Data corrected due to more comprehensive information available in 2014

MATERIAL ASPECT: ENERGY

G4-EN3;EN5; EN6: ENERGY CONSUMPTION WITHIN THE ORGANIZATION, ENERGY INTENSITY AND REDUCTION OF ENERGY CONSUMPTION

SUMMARY OF ENERGY INDICATORS: ENERGY CONSUMPTION , ENERGY INTENSITY AND REDUCTION OF ENERGY CONSUMPTION

| | GRI-G4 indicator | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|------------------|--------|---------|--------|---------|---------|
| Purchased energy | | | | | | |
| Fuel consumption, ktoe | | 47 | 42 | 49 | 56 | 54 |
| Fuel consumption as raw material, ktoe | | 83 | 120 | 114 | 121 | 116 |
| Purchased electricity, TJ | | 10,152 | 10,077 | 9,620 | 10,682* | 10,404* |
| Purchased heat, TJ | | 2,682 | 4,553 | 4,367 | 4,873* | 4,726 |
| Purchased energy by primary sources, TJ ¹ | | 27,703 | 29,487 | 29,284 | 32,122 | |
| Energy balance | | | | | | |
| Purchased fuel as energy source, TJ | EN3a-b | 1,951 | 1,769* | 2,028 | 2,345 | 2,261 |
| Non-renewable | | 1,951 | 1,769* | 2,028 | | |
| Renewable | | 0 | 0 | 0 | | |
| Purchased electricity, TJ | EN3c | 10,152 | 10,077 | 9,620 | 10,657 | 10,346 |
| Non-renewable | | 3,878 | 3,850 | 3,472 | | |
| Renewable | | 1,940 | 1,981 | 1,383 | | |
| Nuclear | | 4,336 | 4,246 | 4,764 | | |
| Purchased heat, TJ | EN3c | 2,682 | 4,553 | 4,367 | 4,873* | 4,726 |
| Non-renewable | | 534 | 3,774 | 3,572 | | |
| Renewable | | 2,147 | 780 | 795 | | |
| Total energy purchased, TJ | EN3c | 14,785 | 16,400* | 16,015 | 17,874* | 17,333 |
| Total energy sold, TJ | EN3d | 1,427 | 1,544 | 1,619* | 1,859 | 1,601 |
| Output heat delivered off-site | | 1,317 | 1,384 | 1,519* | 1,787 | 1,555 |
| Electricity delivered off-site | | 110 | 160 | 100 | 72 | 46 |
| Total energy consumption, TJ | EN3e | 13,358 | 14,856* | 14,339 | 15,957 | 15,732 |
| Energy intensity, TJ/1,000 t² | | | | | | |
| | EN5 | 3.0 | 3.1 | 3.1 | 3.2 | |
| Reduction of energy consumption, TJ³ | | | | | | |
| | EN6 | -1,498 | 503 | -1,618 | 224 | |

*) Data corrected due to more comprehensive information available in 2014

1) The amount of energy Kemira uses through the purchase of electricity, steam and heat. Energy delivered off-site is included.

2) Kemira has calculated the energy intensity by dividing total energy consumption with the annual production volume.

The total energy consumption includes fuel used for energy, electricity, heating, cooling and steam.

3) The types of energy included in the reductions include: fuel used for energy, electricity, heating, cooling and steam. The basis for the energy reduction is energy consumption in one year period.

The calculations have been made according to GRI G4 reporting guidelines. The source for conversion factors used is the International Energy Agency (IEA). Where specific information has not been published on production efficiencies by energy source, expert estimates have been made based on historical data.

Reduction in purchased heat in 2014 is mainly due to closures and divestments of sites.

One site using a lot of non-renewable heat was divested.

The increase in renewable heat is mainly due to the energy mix of acquired sites.

MATERIAL ASPECT: WATER

G4-EN8: TOTAL WATER WITHDRAWAL BY SOURCE

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|-------------|------------|------------|------------|------------|
| Total water withdrawal used as a process water, million m³ | 7.5 | 6.3 | 6.7 | 7.8 | |
| Surface water | 3.7 | 1.5 | 1.8 | | |
| Ground water | 1.1 | 0.4 | 0.8 | | |
| Rainwater | 0.0 | 0.1 | 0.0 | | |
| Waste water from another organization | 0.0 | 0.1 | 0.0 | | |
| Municipal water supplies | 2.2 | 2.2 | 3.5 | | |
| Other (treated wastewater from other facilities) | 0.5 | 2.0 | 0.6 | | |
| Total water withdrawal used as a cooling water, million m³ | 96.7 | 151 | 138 | 161 | 163 |
| Surface water | 93.3 | 146 | 131 | | |
| Ground water | 0.3 | 2.0 | 3.0 | | |
| Rainwater | 0.0 | 0.0 | 0.0 | | |
| Waste water from another organization | 0.0 | 0.0 | 0.0 | | |
| Municipal water supplies | 0.2 | 1.0 | 0.0 | | |
| Other (e.g. condensate of steam from another company) | 2.9 | 3.0 | 4.0 | | |
| Total water withdrawal, million m³ | 104 | 157 | 144 | 169 | |

The calculations have been made according to GRI G4 reporting guidelines. The figures presented are based on data collected from Kemira's sites.

Reduction in water used as cooling water in 2014 is mainly due to the closure of one site using high amounts of cooling water.

G4-EN10: PERCENTAGE AND TOTAL VOLUME OF WATER RECYCLED AND REUSED

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|-------------|--------------|--------------|------|------|
| Total volume of water recycled and reused by the organization, million m³ | 25.9 | 74.6* | 59.6* | | |
| Water recycled back in the same process ⁽¹⁾ | 23 | 74.5* | 59.5* | | |
| Water recycled in a different process, but within the same facility | 2.9 | 0.1* | 0.1* | | |
| Water reused in another facility | 0.0 | 0.0* | 0.1* | | |
| Total volume of water recycled and reused as a percentage of the total water withdrawal used as reported under Indicator G4-EN8 | 25% | 47%* | 41%* | | |

*) Data restated for water recycled back in the same process due to more comprehensive information available in 2014.

1) Includes both process water and cooling water recycled back in the same process.

The calculations have been made according to GRI G4 reporting guidelines. The figures presented are based on data collected from Kemira's sites.

Changes in 2014 are mainly due to closures and divestments of sites. All recycled and reused water was used within Kemira's manufacturing locations. See also graph Kemira water balance in the section Water efficiency.

MATERIAL ASPECT: EMISSIONS

SCOPE 1, SCOPE 2, SCOPE 3, TOTAL EMISSIONS, EMISSION INTENSITY AND ANNUAL CHANGE IN EMISSIONS

- G4-EN15 DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1),**
G4-EN16 ENERGY INDIRECT GHG EMISSIONS (SCOPE 2),
G4-EN17: OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 3)
G4-EN18: GREENHOUSE GAS (GHG) EMISSIONS INTENSITY
G4-EN19: REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS

SUMMARY OF GREENHOUSE GAS EMISSION INDICATORS: SCOPE 1, SCOPE 2, SCOPE 3, TOTAL EMISSIONS, EMISSION INTENSITY AND ANNUAL CHANGE IN EMISSIONS

| Releases into air, CO ₂ eq 1,000 tonnes | GRI-G4 indicator | 2014** | 2013** | 2012 | 2011 | 2010 |
|---|------------------|--------|--------|--------|-------|------|
| Direct greenhouse gas emissions (Scope 1) ¹ | EN-15 | 144 | 137* | 147 | 180 | 182 |
| Indirect greenhouse gas emissions (Scope 2) ² | EN-16 | 771 | 904 | 950 | 1,054 | |
| Other indirect greenhouse gas emissions (Scope 3) ³ | EN-17 | 5,040 | 5,130* | 5,130* | | |
| Total greenhouse gas emissions ⁴ | | 5,955 | 6,171* | 6,227* | | |
| Greenhouse gas emissions intensity per 1000 tons of production ⁵ | EN-18 | 1.3 | 1.3* | 1.3* | | |
| Change in greenhouse gas emissions | EN-19 | -217 | -56* | | | |

* Data corrected due to more comprehensive information available in 2014

** In 2013 and 2014, all greenhouse gases are included in the calculations. In previous years, only CO₂ emissions were reported

1) Greenhouse gas emissions from sources that are owned or controlled by Kemira (Scope 1 of the WRI/WBCSD GHG Protocol)

The source for the emissions factors used is GHG Protocol. Data covers all of Kemira's production sites according to Kemira consolidation rules.

2) Greenhouse gas emissions from the generation of purchased electricity, steam and heat that is consumed by Kemira (Scope 2 of the WRI/WBCSD GHG Protocol)

GHG emissions are calculated as CO₂ equivalents which includes CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃. The sources for the emission factors used are the International Energy Agency (IEA), the UK government's Department for Environment, Food and Rural Affairs (DEFRA), Motiva Ltd. and energy utility companies. As many utility companies often publish their specific emissions factors during Q2 or Q3 of each reporting year, previous years' factors have been used. Data covers all of Kemira's production sites according to Kemira consolidation rules.3) Greenhouse gas emissions from Kemira's value chain (Scope 3 of WRI/ WBCSD GHG Protocol). The calculation is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and a supporting guidance document Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain. Scope 3 emissions have been calculated since 2012. GHG emission are calculated as CO₂ equivalents which includes CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃. The sources for the emission factors used include the guidance document for the Chemical Sector, the UK government's Department for Environment, Food and Rural Affairs (DEFRA), the International Energy Agency (IEA), Ecoinvent, CEFIC and ECTA. Data covers all of Kemira's production sites according to Kemira consolidation rules.

4) Total greenhouse emissions including Scope 1, Scope 2 and Scope 3

5) Kemira has calculated the GHG emissions intensity ration per production volume (1000 tons). Direct GHG emissions (Scope 1), indirect GHG emissions from energy consumption (Scope 2) and other indirect GHG emissions (Scope 3) are included.

Changes in Scope 1 and Scope 2 emissions are mainly due to investments and acquisitions of manufacturing sites.

Scope 3 emission restatement is due to Category 12:

End-of-life treatment of sold products, which was extended to cover all products sold. If a product is not known to have a new lifecycle, it is always classified as waste.

G4-EN17: GREENHOUSE GAS EMISSIONS FROM KEMIRA'S VALUE CHAIN

| CO2eq, 1000 tonnes | 2014 | 2013 | 2012 |
|--|--------------|--------------|--------------|
| Category 1: Purchased goods and services | 1,100 | 1,130* | 1,120* |
| Category 2: Capital goods | ** | ** | ** |
| Category 3: Fuel and energy related activities | 240 | 220 | 220 |
| Category 4: Upstream transportation and distribution | 120 | 130 | 150 |
| Category 5: Waste generated in operations | 70 | 50 | 50* |
| Category 6: Business travel | 10 | 10 | 10 |
| Category 7: Employee commuting | 10 | 10 | 10 |
| Category 8: Upstream leased assets (leased offices) | 10 | 10 | 20 |
| Category 9: Downstream transportation and distribution | 360 | 370* | 370 |
| Category 11: Use of sold products ⁽¹⁾ | 0 | 0* | 0* |
| Category 12: End-of-life treatment of sold products ⁽²⁾ | 3,110 | 3,190* | 3,180* |
| Total | 5,040 | 5,130 | 5,130 |

* Data corrected due to more comprehensive information available in 2014.

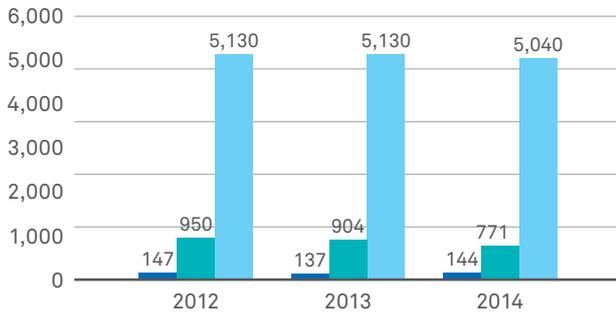
** Emissions of Category 2: Capital goods are included in Category 1: Purchased goods and services.

1) Category 11 emissions were estimated to be zero or close to zero, as Kemira does not sell combustible fuels, products that form greenhouse gas emissions during use, or products that contain greenhouse gases.

2) Category 12 was extended to cover all products sold. If a product is not known to have a new lifecycle, it is always classified as waste.

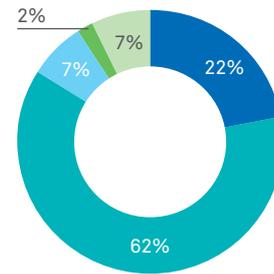
The margin of error for Scope 3 calculations is +/- 16%

GREENHOUSE GAS EMISSIONS, CO₂ EQ, 1000 TONNES



■ Scope 1
■ Scope 2
■ Scope 3

SCOPE 3 BY LARGEST GREENHOUSE GAS EMISSION SOURCES IN THE VALUE CHAIN (%)



■ Purchased goods and services
■ End-of-life treatment of sold products
■ Downstream transportation and distribution
■ Upstream transportation and distribution
■ Other

Greenhouse gas emissions from Kemira's value chain (Scope 3) have been calculated since 2012.

G4-EN20: EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS)

| Releases into air, tonnes | 2014 | 2013 | 2012 |
|----------------------------|------|----------------|------|
| Ozone-depleting substances | 0 | 0 ¹ | - |

1) The data collection on ozone-depleting substances (ODS) from Kemira's sites was made for the first time for the year 2013.

G4-EN21: NO_x, SO_x, AND OTHER SIGNIFICANT AIR EMISSIONS

| Releases into air, tonnes ¹ | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|------|------|------|------|------|
| Nitrogen oxides (NO _x) ² | 206 | 185 | 190 | 242 | 273 |
| Sulphur dioxide (SO ₂) ³ | 86 | 122 | 116 | 153 | 168 |
| Volatile organic compounds (VOC) ⁴ | 661 | 682 | 742 | 665* | 96 |
| Volatile inorganic compounds (VIC) ⁵ | 59 | 65 | 94 | 100 | 79 |
| Particulates | 16 | 16 | 21 | 23 | 19 |

1) The figures presented are based on data collected directly from Kemira's sites.

2) Nitric oxide and nitrogen dioxide calculated as NO₂.

3) All sulphur compounds are calculated as SO₂.

4) VOC is a sum of volatile organic compounds as defined in EU Directive 1999/13/EC.

5) Sum of ammonia, hydrogen chloride and six other simple inorganic compounds.

* 2011 Increase due to sites included in Kemira's ownership in 2011. VOC was evaluated and corrected for 2011 in 2012.

MATERIAL ASPECT: EFFLUENTS AND WASTE

G4-EN22: TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION⁽¹⁾

| Water discharged, million m ³ | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|------|------|------|------|------|
| Wastewater volume | 2.2 | 2.1 | 2.4 | 2.5 | 1.2 |
| External treatment | 1.6 | 1.7 | 1.8 | 2.0 | |
| Own treatment | 0.5 | 0.4 | 0.6 | 0.5 | |

1) The calculations have been made according to GRI G4 reporting guidelines. The figures presented are based on data collected from Kemira's sites.

| Releases into water, tonnes | 2014 | 2013 | 2012 | 2011 | 2010 |
|------------------------------|------|------|------|------|------|
| Chemical Oxygen Demand (COD) | 15 | 16 | 21 | 28 | 58 |
| Nitrogen (N) | 2 | 2 | 2 | 3 | 4 |
| Phosphorus (P) | 0.5 | 0.5 | 0.7 | 0.7 | 0.5 |
| Suspended solids | 2.3 | 1.8 | 7 | 33 | 26 |

The calculations have been made according to GRI G4 reporting guidelines. The figures presented are based on data collected from Kemira's sites. Data covers all of Kemira's production sites according to Kemira consolidation rules.

G4-EN23: TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

| Waste, tonnes | 2014 | 2013 | 2012 | 2011 | 2010 |
|------------------------------------|---------------|----------------|----------------|---------------|---------------|
| Hazardous wastes, total | 41,686 | 41,296* | 48,436 | 55,305 | 14,659 |
| Off-site landfill ⁽¹⁾ | 1,247 | 1,359 | 1,024 | 10,037 | 9,079 |
| Off-site incineration | 1,719 | 3,858 | 1,933 | 2,343 | 2,357 |
| Off-site recycling | 6,578 | 3,032 | 2,652 | 2,145 | |
| Other off-site treatment | 31,670 | 33,081* | 42,826 | 40,681 | 3,164 |
| On-site incineration | 473 | 29 | 1 | 99 | |
| On-site landfill | 0 | 0 | 0 | 0 | 59 |
| Non-hazardous wastes, total | 22,189 | 26,300* | 31,755* | 33,394 | 35,500 |
| Off-site landfill | 10,451 | 13,432 | 11,107 | 12,238 | |
| Off-site incineration | 810 | 5,674 | 1,482 | 1,451 | |
| Off-site recycling | 7,418 | 4,556* | 14,286 | 14,866 | |
| Other off-site treatment | 3,068 | 2,538* | 2,422* | 2,617 | |
| On-site incineration | 405 | 30 | 21 | 25 | |
| On-site landfill | 37 | 70 | 2,437 | 2,197 | |
| Total waste disposal | 63,875 | 67,596* | 80,191* | 88,699 | 50,159 |

1) The increases in 2010 and 2011 are mainly due to contaminated land remediation projects at sites.

* Data corrected due to more comprehensive information available in 2014.

The weight data of disposed waste is based on internal company records.

The decrease in the amount of non-hazardous waste is mainly due to divestments and closures of sites.

Decrease in off-site incineration of non-hazardous waste is due to more off-site recycling.

G4-EN24: TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

There were four significant spills during 2014 with a total volume of 59 tonnes. These spills were not reported in Kemira's Financial Statements. The four spills had no permanent or significant impact on the environment beyond the remediated soil.

G4-EN25: WEIGHT OF TRANSPORTED, IMPORTED, EXPORTED, OR TREATED WASTE DEEMED HAZARDOUS UNDER THE TERMS OF THE BASEL CONVENTION (2) ANNEX I, II, III, AND VIII, AND PERCENTAGE OF TRANSPORTED WASTE SHIPPED INTERNATIONALLY

The total amount of hazardous waste treated outside the country (shipped internationally) of the operating site was 0.6 tons in 2014, i.e. 0,001% (0,005%) of the total amount of hazardous waste (41,686 tonnes).

MATERIAL ASPECT: PRODUCTS AND SERVICES

G4-EN27: EXTENT OF IMPACT MITIGATION OF ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES

The extent of the environmental impacts of our products is mitigated by developing products that reduce environmental impacts in the use phase, deploying product stewardship programs throughout the product lifecycle, and by ensuring the safe transportation, handling, storage and disposal of our products in the value chain.

Kemira's business purpose is to enable customers to improve their water, energy and raw material efficiency.

The use of our products and solutions benefits our customers by:

- Improving the properties and quality of the customer's end-product
- Improving the operational efficiency of customer processes and equipment
- Enabling the treatment, cleaning and conditioning of water: treating intake water for potable or process water use, re-use of water, sludge dewatering and capturing other soluble solid contaminants

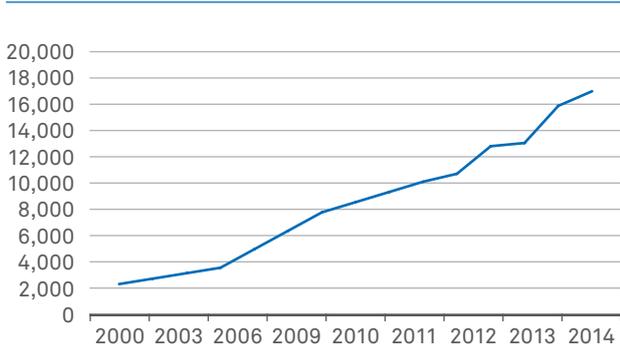
We sell products that are mostly used in manufacturing processes as processing aids. Only in few cases, namely in paper and packaging board and in wastewater sludge, our products end-up as part of the end-product.

Kemira products lower the environmental impacts of our customers' manufacturing processes by improving the utilization rate of natural resources, reducing energy usage or by purifying water.

We apply sustainability checks at every stage of the New Product Development (NPD) process. The NPD process also aims to identify less hazardous and more sustainable alternatives for raw materials.

For more details on product stewardship see management approach for Sustainable products and solutions and performance indicators PR1-PR4, PR6 and PR9. For transportation safety see indicator EN30.

WATER PURIFIED WITH KEMIRA PRODUCTS, million m³



The volume of water purified with Kemira products is based on the share of product sales to water purification applications and using an experience based average chemicals dosage.

G4-EN28: PERCENTAGE OF PRODUCTS SOLD AND THEIR PACKAGING MATERIALS THAT ARE RECLAIMED BY CATEGORY

Kemira does not reclaim any sold products, whereas we reclaim packaging material when possible.

Kemira's liquid products are mainly transported in bulk units i.e. ISO-tank containers, tank trucks, and tank railroad wagons, which are owned by logistics service providers or leased by Kemira. When small volume packaging is used we work to optimize packaging where it saves packaging and transportations cost and also reclaim packaging materials when possible.

When plastic or other reusable material is used in packaging, Kemira strives to reclaim the material. We are also using a third party service provider to return packaging from the customers' sites for reuse. Packaging that is returned to Kemira or to a third party is either reused or processed for recycling. The reclaimed packaging materials are Reconditioned Intermediate Bulk Container (IBC's) and Recycled liquid packages.

G4-EN28: RECLAIMED PACKAGING MATERIALS

| | 2014 | 2013 | 2012 |
|--------------------------|------|------|------|
| Reconditioned IBC's * | 12% | 20% | 22% |
| Recycled liquid packages | 3% | 5% | 4% |

* IBC=Intermediate Bulk Container

Due to Kemira's divestments, the usage of Reconditioned IBC's is lower in 2014 than in 2013. The usage of Reconditioned IBC's was high in the sold and closed plants.

MATERIAL ASPECT: ENVIRONMENTAL COMPLIANCE

G4-EN29: MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

The monetary value of fines for non-compliance with environmental laws or regulations totalled EUR 96,000. One single event took place in 2013 but the fine was paid in 2014. There were no non-monetary sanctions in 2014.

MATERIAL ASPECT: TRANSPORT

G4-EN30: SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE

Our management approach to reducing the environmental impacts of product transportation is based on improving transportation safety management and reducing the greenhouse gas emissions from transportation activities.

Kemira is fully committed to transportation safety and the development of transportation safety culture to prevent chemical leakages into environment. Our EHS Transportation Standard was approved by the Kemira

Management Board in 2014. The standard applies globally to all Kemira operations that are involved in the transportation of bulk and packaged goods. All facilities need to comply with the requirements of this standard as a minimum and any local/regional regulations or other legal requirements as applicable. Regular training of employees involved in the handling and carriage of dangerous goods is very important, as risk prevention and control can only be optimized if employees have received proper training.

Our logistics service providers are expected to commit to the Kemira Code of Conduct for Suppliers, Distributors and Agents. We also hold regular safety discussions with them and carefully inspect accidents and near misses. Our regional EHSQ is responsible for the training and monitoring of the implementation of the transportation standard, while our logistics services and plant operations are responsible for the safety program implementation and performance monitoring. Every transportation incident is analyzed for root causes and actions are taken to prevent re-occurrence.

The disciplined management of logistics activities is important in reducing environmental impacts through greenhouse gas emissions. Emissions from the downstream and upstream transportation of materials and goods are 10% of our total Scope 3 emissions, while emissions from business travel and employee commuting are non-significant (<1%).

G4-EN30: SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE

| Scope 3 emissions related to transporting, CO2 eq (1, 1000 tonnes) | 2014 | 2013 | 2012 |
|--|-------|-------|-------|
| Total Scope 3 emissions | 5,040 | 5,130 | 5,130 |
| Total Scope 3 transport emissions | 500 | 520 | 540 |
| Upstream transportation and distribution | 120 | 130 | 150 |
| Downstream transportation and distribution | 360 | 370* | 370 |
| Business travel | 10 | 10 | 10 |
| Employee commuting | 10 | 10 | 10 |
| Share of transport emissions, % | 10% | 10% | 11% |

* Data corrected due to more comprehensive data available in 2014.

1) Scope 3 emissions have been calculated according to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and a supporting guidance document Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain. Sources for emissions factors used include: Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain, the UK government's Department for Environment, Food and Rural Affairs (DEFRA), CEFIC and ECTA.

Our key measures to mitigate greenhouse gas emissions in the value chain are logistics and load optimization and commitment to logistics service providers that use vehicles compliant with emission standards. European emission standards define the acceptable limits for exhaust emissions of new vehicles sold in the European Union. Kemira encourages its logistics service providers to use at minimum Euro IV compliant vehicles, and starting from January 1, 2015, Euro V compliant vehicles. Euro IV and V compliant vehicles are new vehicles with more efficient engines using less diesel with lower emissions than non-classified vehicles.

Load optimization and full truck loads are preferred to optimize transportation cost and lower emissions. Furthermore, our tendering process guides the logistics service providers to look for back haul arrangements.

Kemira travel policy sets guidelines for reducing the environmental impact from business travel. Internal traveling between Kemira locations is reduced through the use of online meeting and collaboration tools.

MATERIAL ASPECT: ENVIRONMENTAL EXPENDITURES AND INVESTMENTS

G4-EN31: TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE

Kemira reports environmental protection costs by environmental capital expenditure and by environmental operating costs. In 2014, our main investments were made in air and water treatment units.

G4-EN31: TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE

| EUR million | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|------|------|------|------|------|
| Environmental capital expenditure | 2.4 | 1.4 | 3.4 | 3.6 | 2.9 |
| Environmental operating costs | 11.7 | 11.8 | 14.2 | 12.7 | 12.8 |
| Total | 14.1 | 13.2 | 17.6 | 16.3 | 15.7 |
| Environmental protection expenditures and investments, % of net sales | 0.7% | 0.6% | 0.8% | 0.7% | 0.7% |

MATERIAL ASPECT: SUPPLIER ASSESSMENT

G4-EN32: PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA FOR IMPACTS ON SOCIETY

In selecting our suppliers, distributors and agents, we expect them and their business partners to be committed to ethical and sustainable business conduct, as well as active support for its implementation within their sphere of influence. At the screening phase of new suppliers, the vendor is asked if they accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) according to our New vendor creation process.

Kemira's CoC-SDA sets requirements for responsible business conduct, respect for human rights and appropriate working conditions, and environmental responsibility.

Kemira Group Sourcing & Procurement policy (2014) requires that all Kemira suppliers must follow our CoC-SDA in their supply activities relating to Kemira. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value exceeding EUR 200,000 for indirect and EUR 500,000 for direct materials.

If a supplier refuses to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such supplier.

By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. Approximately 100% of new suppliers within the threshold limits defined in the policy were screened using social and environmental criteria.

See complementary information in the section Responsible supply chain.

MATERIAL ASPECT: GRIEVANCE MECHANISMS

G4-EN34: NUMBER OF GRIEVANCES ABOUT ENVIRONMENTAL IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

There were in total three public complaints (e.g. relating to dust, through-passage of trucks) about environmental impacts filed through formal grievance mechanisms, all of which were addressed and resolved during the reporting period.

3.3 SOCIAL PERFORMANCE INDICATORS

3.3.1 LABOR PRACTICES AND DECENT WORK

GENERIC DISCLOSURES: EMPLOYMENT STRUCTURE G4-10: STRUCTURE OF EMPLOYMENT

At the end of 2014, Kemira employed 4,248 people (4,453). This figure includes employees who entered the Group through acquisitions and excludes employees of divested assets.

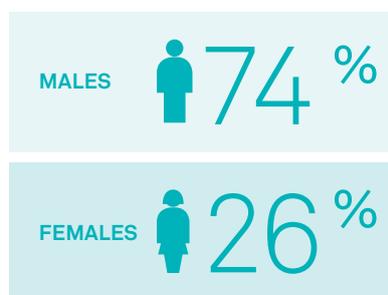
The employee distribution by region shows that 57% (58%) of Kemira's total workforce are employed in EMEA, and 31% (29%) in North America. The number of employees has decreased by 205 (182 of these in EMEA). Most of these reductions are due to divestments.

Workers who are legally recognized as self-employed, or individuals other than Kemira employees do not constitute any substantial part of our workforce.

TOTAL NUMBER OF EMPLOYEES BY REGION 2014



EMPLOYEES BY GENDER



EMPLOYEES BY AGE GROUP 2014



G4-10: TOTAL NUMBER OF EMPLOYEES 2010-2014

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------------------|-------|-------|-------|-------|-------|
| Total number of employees* | 4,248 | 4,453 | 4,857 | 5,006 | 4,935 |
| Females, % | 26% | 26% | 25% | 24% | 32% |
| Males, % | 74% | 74% | 75% | 76% | 68% |
| White collar, % | 58% | 58% | | | |
| Blue collar, % | 42% | 42% | | | |

* at year end

The GRI report headcount includes Kemira employees, whereas the headcount reported in the Financial Statements also includes six employees of divested business for whom Kemira offers payroll service.

G4-10A: TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

| | 2014 | 2013 | %, 2014 | %, 2013 |
|---------------------------|-------|-------|---------|---------|
| Total number of employees | 4,248 | 4,453 | | |
| Total permanent | 4,133 | 4,350 | 97.3% | 97.7% |
| Total fixed-term | 115 | 103 | 2.7% | 2.3% |
| Females total | 1,110 | 1,164 | | |
| Permanent | 1,064 | 1,127 | 95.9% | 96.8% |
| Fixed term | 46 | 37 | 4.1% | 3.2% |
| Males total | 3,138 | 3,289 | | |
| Permanent | 3,069 | 3,223 | 97.8% | 98.0% |
| Fixed term | 69 | 66 | 2.2% | 2.0% |

G4-10B: TOTAL NUMBER OF PERMANENT EMPLOYEES BY EMPLOYMENT TYPE AND GENDER

| | 2014 | 2013 | %, 2014 | %, 2013 |
|---------------------------|-------|-------|---------|---------|
| Total permanent employees | 4,133 | 4,350 | | |
| Total full-time | 4,099 | 4,314 | 99.2% | 99.2% |
| Total part-time | 34 | 36 | 0.8% | 0.8% |
| Females total permanent | 1,064 | 1,127 | | |
| Full-time | 1,037 | 1,102 | 97.5% | 97.8% |
| Part-time | 27 | 25 | 2.5% | 2.2% |
| Males total permanent | 3,069 | 3,223 | | |
| Full-time | 3,062 | 3,212 | 99.8% | 99.7% |
| Part-time | 7 | 11 | 0.2% | 0.3% |

G4-10D: TOTAL NUMBER OF EMPLOYEES BY REGION AND GENDER

| | 2014 | 2013 | %, 2014 | %, 2013 |
|---------------------------|-------|-------|---------|---------|
| Total number of employees | 4,248 | 4,453 | | |
| APAC | 352 | 340 | 8.3% | 7.6% |
| EMEA | 2,413 | 2,595 | 56.8% | 58.3% |
| North-America | 1,299 | 1,281 | 30.6% | 28.8% |
| South-America | 184 | 237 | 4.3% | 5.3% |
| Females total | 1,110 | 1,164 | | |
| APAC | 99 | 93 | 8.9% | 8.0% |
| EMEA | 687 | 739 | 61.9% | 63.5% |
| North-America | 275 | 271 | 24.8% | 23.3% |
| South-America | 49 | 61 | 4.4% | 5.2% |
| Males total | 3,138 | 3,289 | | |
| APAC | 253 | 247 | 8.1% | 7.5% |
| EMEA | 1,726 | 1,856 | 55.0% | 56.4% |
| North-America | 1,024 | 1,010 | 32.6% | 30.7% |
| South-America | 135 | 176 | 4.3% | 5.4% |

G4-11: EMPLOYEES COVERED BY BARGAINING AGREEMENTS

The percentage of employees covered by collective bargaining agreements by 'significant locations of operation' varies widely between regions, being lowest in North America (USA 4%, Canada 12%), which is characteristic to the region. In many European countries all employees are covered by collective bargaining agreements, especially in Northern Europe (Finland, Sweden) and Southern Europe (Spain, France, Italy). In Central and Eastern Europe the percentage varies (UK 37%, the Netherlands 67%, Germany 47%, Austria 100%, Slovenia 77%, Czech Republic 50%), and for example in Poland there are no collective bargaining agreements. In Brazil all employees are covered by a collective agreement, and in Uruguay, blue-collar employees and administrative clerks are covered, representing 47% of employees. For APAC the data is not applicable as collective bargaining agreements are not a prevailing practice in the chemical industry.

The definition used for 'significant locations of operation' refers to countries where we have over 20 employees, and which counted together total approximately 98% of all employees. In Kemira's case there are 20 countries with over 20 employees.

MATERIAL ASPECT: EMPLOYMENT**G4-LA1: TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION**

Total number of new hires in 2014 was 710 (431), out of which 33% (33%) were female and 67% (67%) male. The new hires include summer trainee positions. Kemira's new hiring reflects the same degree of diversity as in previous years.

Kemira is reporting the employee turnover rate by total and voluntary turnover. The total turnover rate was 17.3% in 2014 compared to 16.1% in 2013. The total turnover includes divestments. The turnover rate was impacted by organizational changes driven by strategy implementation and related restructuring activities and redundancies in 2013. The turnover rate in EMEA was 19.2% (17.1%). The highest turnover rate was in South America (41.8% vs 32.9% in 2013) and lowest in North America (11.6% vs 10.1% in 2013). The voluntary turnover rate was 5.1% (4.6%) in 2014 being highest below the age of 30 years (8.2 vs 5.4% in 2013) and females (7.1% vs 5.5% in 2013).

G4-LA1A: NEW EMPLOYEE HIRES W/O AQUISITIONS BY AGE GROUP, GENDER AND REGION

| | Number of new hires | | % of total new hires | |
|------------------------|---------------------|------|----------------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Total new hires | 710 | 431 | 100.0% | 100.0% |
| New hires by age group | | | | |
| <30 | 291 | 201 | 41.0% | 46.6% |
| 30–50 | 348 | 196 | 49.0% | 45.5% |
| >50 | 71 | 34 | 10.0% | 7.9% |
| New hires by gender | | | | |
| Females | 236 | 141 | 33.2% | 32.7% |
| Males | 474 | 290 | 66.8% | 67.3% |
| New hires by region | | | | |
| APAC | 60 | 42 | 8.5% | 9.7% |
| EMEA | 418 | 239 | 58.9% | 55.5% |
| North-America | 199 | 104 | 28.0% | 24.1% |
| South-America | 33 | 46 | 4.6% | 10.7% |

G4-LA1B: TOTAL TURNOVER BY AGE GROUP, GENDER AND REGION

| | Turnover | | Turnover, % | |
|-----------------------|----------|------|-------------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| Total turnover | 736 | 715 | 17.3% | 16.1% |
| Turnover by age group | | | | |
| <30 | 96 | 77 | 18.6% | 11.9% |
| 30–50 | 428 | 357 | 17.6% | 14.6% |
| >50 | 212 | 281 | 16.3% | 20.8% |
| Turnover by gender | | | | |
| Females | 242 | 198 | 21.8% | 17.0% |
| Males | 494 | 517 | 15.7% | 15.7% |
| Turnover by region | | | | |
| APAC | 44 | 62 | 12.5% | 18.2% |
| EMEA | 464 | 445 | 19.2% | 17.1% |
| North-America | 151 | 130 | 11.6% | 10.1% |
| South-America | 77 | 78 | 41.8% | 32.9% |

G4-LA1C: VOLUNTARY TURNOVER BY AGE GROUP, GENDER AND REGION

| | Voluntary turnover | | Voluntary turnover, % | |
|---------------------------------|--------------------|------|-----------------------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| Total voluntary turnover | 218 | 205 | 5.1% | 4.6% |
| Voluntary turnover by age group | | | | |
| <30 | 42 | 35 | 8.2% | 5.4% |
| 30–50 | 144 | 147 | 5.9% | 6.0% |
| >50 | 32 | 23 | 2.5% | 1.7% |
| Voluntary turnover by gender | | | | |
| Females | 79 | 64 | 7.1% | 5.5% |
| Males | 139 | 141 | 4.4% | 4.3% |
| Voluntary turnover by region | | | | |
| APAC | 34 | 34 | 9.7% | 10.0% |
| EMEA | 101 | 96 | 4.2% | 3.7% |
| North-America | 68 | 57 | 5.2% | 4.4% |
| South-America | 15 | 18 | 8.2% | 7.6% |

G4-LA2: BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES, BY SIGNIFICANT LOCATIONS OF OPERATION

Benefit programs in Kemira differ depending on regional and country specific practices. In most European countries the same benefits are offered to full-time and part-time employees. Some exceptions apply, for example the sickness fund in Finland is available to full-time employees with more than a one year contract. In APAC, temporary employees are eligible only to mandatory benefits as is the market practise. In North America the eligibility for benefits varies, in USA employees are eligible if they work at minimum 20 hrs per week and in Canada 24 hrs. The benefits are the same for all eligible employees. Benefit practices are country specific and are not related to individual locations of operations.

The definition used for 'significant locations of operation' refers to countries where we have over 20 employees, and which counted together total approximately 98% of all employees. In Kemira's case there are 20 countries with over 20 employees.

MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS

G4-LA4: MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES, INCLUDING WHETHER THESE ARE SPECIFIED IN COLLECTIVE AGREEMENTS

Kemira follows all local laws and regulations and other agreements regarding notice periods. Notice periods and the time period for the consultation process relating to operational changes varies by country and region.

G4-LA6: TYPE OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER

Kemira reports workplace safety both for own employees and contractors working at Kemira sites.

Since 2013, Kemira is reporting only TRI (Total Recordable Injuries per million working hours). The TRI frequency includes fatalities, lost time injuries, restricted work cases and medical treatment cases of both Kemira employees and contractors working for Kemira. Kemira does not collect Incident data by gender. All injuries are treated in a similar way independent of gender. No fatalities have been associated with Kemira employees since 2005. Information regarding absenteeism is collected locally and not consolidated on Group level. We have started the process in order to enable data collection in 2015.

G4-LA6: OCCUPATIONAL HEALTH AND SAFETY INDICATORS

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|------|------|------|------|------|------|
| Number of Lost Time Injuries per million working hours, LTA1 ¹⁾ | - | - | 2.3 | 2.7 | 3.1 | 3.5 |
| Total Recordable Injuries per million working hours, TRI ²⁾ | 5.8 | 7.1 | 8.5 | | | |
| APAC | 0 | 0 | | | | |
| EMEA | 6.1 | 9.2 | | | | |
| NA | 6.4 | 5.1 | | | | |
| SA | 5.9 | 7.4 | | | | |

1) Injuries causing an employee absence at least one day (LTA1), Kemira personnel. This figure was reported for the last time in 2012.

2) As of 2013, Kemira reports only TRI.

TRI per million work hours = Lost Time Injuries (LTA1) + Restricted work cases + Medical treatment cases, 1 year rolling average. Injury numbers include Kemira personnel and Contractors. The Contractor work hours have been included in 2014.

MATERIAL ASPECT: TRAINING AND EDUCATION

G4-LA9: AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER, AND BY EMPLOYEE CATEGORY

Kemira completed the implementation of a global Learning Management System including a training register in the second half of 2014. Implementation has been carried out in phases, and the training register does not yet cover 100% of the organization.

In 2014, 14,700 training hours were registered in the Learning Management system, which now covers eLearnings, global training programs, and part of the local trainings. Countries currently registered in the system are e.g. Finland 5,800 hrs, UK 3,200 hrs, Spain 2,700 hrs, Sweden 1,000 hrs. The average hours of training do not differ by gender.

G4-LA10: PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS

A variety of skills development and training programs as well as leadership development programs (internal and external) is provided to all employees in order to support employee development. Leadership development is planned and organized globally by the Human Resources function, while segments and functions are responsible for the professional skills development.

Our development portfolio consists of:

- An induction program to new hires in order to understand the business, organization, company culture, policies (including the Kemira Code of Conduct), procedures and processes
- On-the-job training to enhance technical/ professional competencies
- External and internal coaching and mentoring
- Training aiming at validated certificates and diplomas in manufacturing
- External trainings for professional skills and leadership development. Employees can also be reimbursed for further education costs partly or fully, and study leaves are available in many countries.
- Outplacement services and support is available in most regions in case of redundancy. In some European countries, outplacement and other support activities are part of the local social welfare plan. In some cases transition assistance programs are also offered in connection with retirement.

- In 2014, Kemira's training focus has been on professional training:
- A European wide sales skills training continued in 2014 with approximately 135 participants. The goal of the modular program is to promote a proactive sales culture to support Kemira's strategic goals. The program aims at e.g. increasing the participants' pro-activeness regarding sales activities as well as value selling and presentation technique skills.
- Kemira has offered an extensive EHS(Q) related skills development program in 2014. Training has been offered face-to-face and through webinars and eLearning modules. Education on EHS standards published in 2014 was conducted in all regions, in several functions and on several organizational levels. For example, the crisis management procedure training covered over 150 people.
- In 2014, approximately 95% of employees had completed Kemira's Code of Conduct training.

G4-LA11: PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BY GENDER AND BY EMPLOYEE CATEGORY

All permanent employees, who are not absent for an extended time period because of leaves, for example, are covered by our global performance and development discussion (PDD) process. In 2014, the global PDD process covered both white collar and blue collar employees.

Temporary employees' inclusion in the PDD process is evaluated case-by-case, depending on the length of the contract.

G4-LA11: PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER REVIEWS BY GENDER AND BY EMPLOYEE CATEGORY

| Performance and Development Discussion (PDD) | Employees, # | | PDD Coverage, % | |
|--|--------------|-------|-----------------|------|
| | 2014 | 2013 | 2014 | 2013 |
| Total permanent employees not absent * | 4019 | 4,281 | | |
| PDD's by gender | | | | |
| Employees covered in Global PDD process | 3803 | 2,382 | 95% | 56% |
| Females covered in Global PDD process | 977 | 816 | 95% | 77% |
| Males covered in Global PDD process | 2826 | 1,566 | 94% | 49% |
| PDD's by employee category | | | | |
| White collars covered in Global PDD process | 2317 | | 98% | |
| Blue collars covered in Global PDD process | 1486 | | 89% | |

* All permanent employees, who are not absent for an extended time period because of leaves, for example, are covered by global performance and development discussion process.

G4-LA12 COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY

The number of females in the Management Board and Board of Directors has remained the same in 2014 as in 2013. The percentage share of females in the total number of employees has remained the same in 2014 as in 2013.

G4-LA12A: COMPOSITION OF GOVERNANCE BODIES BY GENDER AND AGE GROUP

| Management Board | Total | | % | |
|---------------------------|-------|------|------|------|
| | 2014 | 2013 | 2014 | 2013 |
| Total | 9 | 11 | | |
| Females | 2 | 2 | 22% | 18% |
| Males | 7 | 9 | 78% | 82% |
| By age group | | | | |
| <30 | 0 | 0 | 0% | 0% |
| 30–50 | 6 | 5 | 67% | 45% |
| >50 | 3 | 6 | 33% | 55% |
| Board of Directors | | | | |
| Total | 6 | 5 | | |
| Females | 2 | 2 | 33% | 40% |
| Males | 4 | 3 | 67% | 60% |
| By age group | | | | |
| <30 | 0 | 0 | 0% | 0% |
| 30–50 | 0 | 0 | 0% | 0% |
| >50 | 6 | 5 | 100% | 100% |

G4-LA12B: BREAKDOWN OF EMPLOYEES BY GENDER AND AGE GROUP

| | Total | | % | |
|------------------|-------|-------|------|------|
| | 2014 | 2013 | 2014 | 2013 |
| Total employees | 4,248 | 4,453 | 100% | 100% |
| <30 | 515 | 646 | 12% | 15% |
| 30–50 | 2,435 | 2,453 | 57% | 55% |
| >50 | 1,298 | 1,354 | 31% | 30% |
| Females in total | 1,110 | 1,164 | 26% | 26% |
| <30 | 172 | 205 | 15% | 18% |
| 30–50 | 705 | 710 | 64% | 61% |
| >50 | 233 | 249 | 21% | 21% |
| Males in total | 3,138 | 3,289 | 74% | 74% |
| <30 | 343 | 441 | 11% | 13% |
| 30–50 | 1,730 | 1,743 | 55% | 53% |
| >50 | 1,065 | 1,105 | 34% | 34% |

MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

G4-LA13: RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN BY EMPLOYEE CATEGORY, BY SIGNIFICANT LOCATIONS OF OPERATION

Kemira operates a global job structure that is applied to all white collar employees. The job structure describes job families and the respective job roles with required qualifications and main responsibilities. The job structure links to job grades, which define the salary range and the incentive opportunity for a specific job role. Factors impacting salary increases include country-specific salary budgets, the position of an employee in the salary range and employee performance. Incentive payouts are based on measured achievement for pre-defined targets on the company, unit and individual levels.

The job grade and salary data information allows Kemira to evaluate, analyse and implement equal remuneration.

Average ratio of basic salary of women to men by country ⁽¹⁾

| | |
|---------|------|
| Finland | 93% |
| USA | 94% |
| Sweden | 103% |
| Poland | 93% |
| Canada | 94% |
| UK | 96% |
| China | 93% |

1) White collar employees, calculated as average of all job grades' average ratio.

The definition used for 'significant locations of operation' refers to countries where we have over 20 employees, and which counted together total approximately 98% of all employees. In Kemira's case there are 20 countries with over 20 employees. The table above covers the data from the largest countries of operation.

MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

G4-LA14: PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING LABOR PRACTICES CRITERIA

In selecting our suppliers, distributors and agents, we expect them and their business partners to be committed to ethical and sustainable business conduct, as well as active support for its implementation within their sphere of influence. At the screening phase of new suppliers, the vendor is asked if they accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) according to our New vendor creation process.

Kemira's CoC-SDA sets requirements for responsible business conduct, respect for human rights and appropriate working conditions, and environmental responsibility.

Kemira Group Sourcing & Procurement policy (2014) requires that all Kemira suppliers must follow our CoC-SDA in their supply activities relating to Kemira. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value exceeding EUR 200,000 for indirect and EUR 500,000 for direct materials. If a supplier refuses to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such supplier.

By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. Approximately 100% of new suppliers within the threshold limits defined in the policy were screened using social and environmental criteria. See complementary information in the section Responsible supply chain.

MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS

G4-LA16: NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

There were no grievances about labour practices filed through formal grievance mechanisms during the reporting period, nor filed prior to the reporting period and resolved during the reporting period.

3.3.2 HUMAN RIGHTS

MATERIAL ASPECT: NON-DISCRIMINATION

G4-HR3: TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

There were no confirmed incidents of discrimination in 2014.

MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

G4-HR4: OPERATIONS AND SUPPLIERS IDENTIFIED IN WHICH THE RIGHT TO EXERCISE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE VIOLATED OR AT SIGNIFICANT RISK, AND MEASURES TAKEN TO SUPPORT THESE RIGHTS

Kemira respects the right of all employees to establish or join trade unions and other representative organizations. We are committed to respecting the International Labour Organization's Declaration on Fundamental Principles and Rights at Work as stated in the Kemira Code of Conduct. Kemira is also a signatory of the UN Global Compact since March 2014. We expect our suppliers to respect these principles and commit to the Kemira Code of Conduct for Suppliers, Agents and Distributors when conducting business with us.

Kemira employees' awareness on their rights for freedom of association and collective bargaining is enhanced by training on the Code of Conduct, which is provided to all Kemira employees.

In 2014, Kemira did not identify any violations of freedom of association or collective bargaining in our own operations. We also evaluated supplier related risks on labor rights, and no evidence was found on suppliers restricting their employees' opportunities to exercise freedom of association and collective bargaining. As no risks for violations were identified, no support measures were taken.

For additional information, see focus area Responsible business practices for the Code of Conduct training and for Kemira Ethics and Compliance Hotline as an internal reporting channel for any violations on employee rights, and G4-11 for Employees covered by collective bargaining agreements.

IN 2014, KEMIRA CONDUCTED A HUMAN RIGHTS IMPACT ASSESSMENT TO IDENTIFY KEY AREAS OF HUMAN RIGHTS RISKS IN OUR VALUE CHAIN AND GAPS IN OUR CURRENT MANAGEMENT APPROACH FOR HUMAN RIGHTS.

MATERIAL ASPECT: ASSESSMENT

G4-HR9: TOTAL NUMBER AND PERCENTAGE OF OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS

Kemira is committed to respecting and supporting fundamental human rights as defined by the United Nations Universal Declaration of Human Rights and stated in the Kemira Code of Conduct. Kemira became a signatory of the United Nations Global Compact in March 2014. Our employees' awareness on human rights is enhanced by providing all Kemira employees with training on the Code of Conduct. Kemira expects its suppliers to respect these principles and to commit to the Kemira Code of Conduct for Suppliers, Agents and Distributors when conducting business with Kemira.

In 2014, Kemira conducted a Group level Human Rights Impact Assessment to identify key areas of human rights risks in our value chain and gaps in our current management approach for human rights. Our current management approach was assessed against the Operational Principles of the UN Guiding Principles of Business and Human Rights.

No evidence of infringing human rights was found. High risk areas in our value chain arise from our business relationships, product stewardship, and emerging market expansion. Kemira's greatest human rights risk lies in our upstream and downstream business relationships, especially where our power of influence is limited. Our human rights risk exposure is increased because we operate with hazardous substances, which impact rights to health and workplace safety. Kemira's expansion into emerging markets may increase exposure to human rights risk. Based on the key findings, an action plan is outlined to better integrate human rights into our current management approach.

MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT
G4-HR10: PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING HUMAN RIGHTS CRITERIA

In selecting our suppliers, distributors and agents, we expect them and their business partners to be committed to ethical and sustainable business conduct, as well as active support for its implementation within their sphere of influence. At the screening phase of new suppliers, the vendor is asked if they accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) according to our New vendor creation process.

Kemira's CoC-SDA sets requirements for responsible business conduct, respect for human rights and appropriate working conditions, and environmental responsibility.

Kemira Group Sourcing & Procurement policy (2014) requires that all Kemira suppliers must follow our Code of CoC-SDA in their supply activities relating to Kemira. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value exceeding EUR 200,000 for indirect and EUR 500,000 for direct materials. If a supplier refuses to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such supplier.

By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. Approximately 100% of new suppliers within the threshold limits defined in the policy were screened using social and environmental criteria. See complementary information in the section Responsible supply chain.

MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS

G4-HR12: NUMBER OF GRIEVANCES ABOUT HUMAN RIGHTS IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

No grievances regarding human rights impacts were filed or addressed in 2014.

3.3.3 SOCIETY**MATERIAL ASPECT: LOCAL COMMUNITIES**

G4-S01: PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

Kemira encourages initiatives at local level to support positive interaction with the communities where we operate. Our community involvement target is to engage all Kemira sites with over 50 employees (26 sites in 2014) in local community initiatives at least once in the period 2013- 2015 (cumulative %). By the end of 2014, 92% of Kemira's sites had organized local events and activities, with some sites hosting multiple activities over the year.

Globally, Kemira concentrates its sponsorships and donations to education related programs in chemistry and technology, mainly addressed to children and youth. Locally, Kemira participates in the local communities in many ways that relate to safety in the vicinity of our manufacturing sites, people safety and wellbeing, and education related to water and chemistry.

See complementary information in the section Responsibility towards the local communities.

G4-S02: OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

Most of Kemira's manufacturing sites are located outside residential areas in industrial parks that are designed for the purpose of industrial development.

A potential negative impact on the safety and environment of local communities could take place in case of accidental incidents involving a leakage of chemicals.

Kemira's EHSQ management approach includes assessments and emission monitoring at every manufacturing site as defined by the regulatory requirements, ISO 14001 and OHSAS 18001 management systems and Kemira internal EHS standards. Each Kemira site has programs and contingency plans in place to ensure the safety of surrounding communities. This is done in close cooperation with local environmental authorities. To enhance the safe use of chemicals, Kemira works in close cooperation with many local chemical agencies.

Each Kemira site is classified for actual and potential negative impacts of operations (at the end of 2014, Kemira had 59 sites).

A three-level ranking system defines our internal environmental requirements and audit frequency for each site: higher ranking meaning higher requirements.

Environmental classification results 2014:

- High-ranking sites: 28% (29%)
- Medium-ranking sites: 28% (27%)
- Low-ranking sites: 44% (44%)

We proactively take preventive actions and mitigation measures for the operations that involve potential negative impacts on the local communities. In addition to continuous safety and risk management work, Kemira focuses on a continuous dialogue with local communities to understand and implement activities that respond to their needs, concerns and expectations, and to provide opportunities for our own employees to participate in local community initiatives.

For complementary information, see Safety at manufacturing sites.

MATERIAL ASPECT: ANTI-CORRUPTION

G4-S03: TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION AND THE SIGNIFICANT RISKS IDENTIFIED

In 2014, corruption risks at Kemira were evaluated through an internal audit survey and internal audits. The internal audit survey was conducted globally and the results of the survey were taken into account in preparing the annual audit plan. Based on the revenue generated in locations subject to audit, about 42% of the operations were assessed for risks related to corruption.

The number of assessed operations is not relevant as Kemira evaluates corruption based on processes and they may cover transactions in several locations. No material risks related to corruption were identified through the risk assessment.

G4-S04: COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

Kemira's principles for anti-corruption are included in the Kemira Code of Conduct and in the Kemira Group Gifts, Entertainment and Anti-Bribery Policy. Both documents are available to all employees on Kemira intranet, and the Code of Conduct is also publicly available at www.kemira.com

We expect our suppliers and other business partners to conduct their business with integrity and commit to Kemira Code of Conduct for Suppliers, Agents and Distributors (CoC-SDA) in their business activities with Kemira. The CoC-SDA states that Kemira expects its business partners to adhere to local legislation and avoid corruption in all its forms.

Employee awareness of our anti-corruption policy is enhanced by Code of Conduct training. Training has been provided to all employees in all regions either by an interactive eLearning tool or as on-site classroom training

organized in collaboration with site management and local HR and legal functions. Our target in 2013 was to train all Kemira employees on the Code. The completion rate was 90% in 2013, excluding employees who were in the scope of divested businesses. The training continued in 2014 with a completion rate of 95%.

The Board of Directors has approved the Code. No specific training has been provided to the Board.

A specific anti-corruption online training course was prepared in 2014 and is ready for roll-out in the beginning of 2015.

G4-S05: CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

There were no confirmed incidents of corruption or public legal cases regarding corruption in 2014.

MATERIAL ASPECT: PUBLIC POLICY

G4-S06: TOTAL VALUE OF POLITICAL CONTRIBUTIONS BY COUNTRY AND RECIPIENT/BENEFICIARY

The Kemira Code of Conduct and the Kemira Group Gifts, Entertainment and Anti-Bribery Policy prohibit any financial support to politicians, political parties or political organizations. No financial or in-kind political contributions paid by Kemira have come to Kemira's attention during 2014.

MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR

G4-S07: TOTAL NUMBER OF LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES AND THEIR OUTCOMES

In 2014, Kemira had no pending or completed legal actions initiated under national or international laws designed for regulating anti-competitive behavior, antitrust, or monopoly practices. Kemira was a defendant in three legal proceedings in which damages were sought for violations of competition law. One of these cases was resolved in 2014. These proceedings are described in the Note 30 to the Consolidated Financial Statements: Commitments and contingent liabilities, under heading Litigation.

MATERIAL ASPECT: COMPLIANCE

G4-S08: MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS

No significant fines or non-monetary sanctions for non-compliance with laws and regulations came to Kemira's attention in 2014. This is based on the information available through our Group legal department, Group Finance

and Administration and the Environmental, Health, Safety and Quality organization.

MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY

G4-S09: PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING CRITERIA FOR IMPACTS ON SOCIETY

In selecting our suppliers, distributors and agents, we expect them and their business partners to be committed to ethical and sustainable business conduct, as well as active support for its implementation within their sphere of influence. At the screening phase of new suppliers, the vendor is asked if they accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) according to our New vendor creation process.

Kemira's CoC-SDA sets requirements for responsible business conduct, respect for human rights and appropriate working conditions, and environmental responsibility.

Kemira Group Sourcing & Procurement policy (2014) requires that all Kemira suppliers must follow our CoC-SDA in their supply activities relating to Kemira. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value exceeding EUR 200,000 for indirect and EUR 500,000 for direct materials. If a supplier refuses to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such supplier.

By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. Approximately 100% of new suppliers within the threshold limits defined in the policy were screened using social and environmental criteria. See complementary information in the section Responsible supply chain.

MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY

G4-S011: NUMBER OF GRIEVANCES ABOUT IMPACTS ON SOCIETY FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

There were no grievances about impacts on society filed through formal grievance mechanisms in 2014, nor grievances filed prior and resolved in 2014.

BY THE END OF 2014, 93% OF KEMIRA'S CURRENT SUPPLIERS HAD SIGNED THE CODE OF CONDUCT FOR SUPPLIERS, DISTRIBUTORS AND AGENTS.

3.3.4 PRODUCT RESPONSIBILITY

MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY

G4-PR1: PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES FOR WHICH HEALTH AND SAFETY IMPACTS ARE ASSESSED FOR IMPROVEMENT

Kemira has signed the ICCA (The International Council of Chemical Associations) Responsible Care Initiative, which forms the basis for our product stewardship activities. All products are evaluated for product safety and regulatory compliance aspects prior to market launch. Our New Product Development (NPD) process has regular sustainability, product safety and regulatory compliance reviews included at every stage of the process.

Our management approach to improve the safety and quality of our operations is based on the systematic implementation of certified Environmental, Health, Safety and Quality management systems. The certification status for manufacturing sites in 2014 was 83% for ISO 9001, 76% for ISO 14001 and 75% for OHSAS 18001.

Proactive measures are in place for the reduction of potential health hazards and relating to anticipated future legislation. For example, Kemira has defined action plans for substances that are suspected to have endocrine disrupting properties in order to look for safer alternatives and/or to define risk management measures to ensure the safe use of chemicals.

G4-PR2: TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES DURING THEIR LIFE CYCLE, BY TYPE OF OUTCOMES

In 2014, Kemira did not record any cases of non-compliance with regulations and voluntary codes resulting in a fine, penalty or warning. In 2013, Kemira reported six incidents of non-compliance with voluntary codes out of which four non-compliances have been resolved and completed and two cases are in progress in agreement with the relevant authorities.

MATERIAL ASPECT: PRODUCT AND SERVICE LABELING

G4-PR3: TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED BY THE ORGANIZATION'S PROCEDURES FOR PRODUCT AND SERVICE INFORMATION AND LABELING, AND PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES SUBJECT TO SUCH INFORMATION REQUIREMENTS

Kemira's product portfolio contains approximately 2,700 different products. All of them are documented and labeled according to legal requirements, including the identification of hazardous components and safe use information. Kemira provides Safety Data Sheets for all products, although in most jurisdictions Safety Data Sheets are mandatory only for hazardous products. In addition to Label and Safety Data Sheet information, more detailed information about the products and their raw materials is provided upon request.

In 2014, the Kemira Product Stewardship & Regulatory Affairs team responded to approximately 450 customer requests on product safety and/or regulatory compliance every month on a global scale.

KEMIRA'S PRODUCT PORTFOLIO
CONTAINS APPROXIMATELY
2,700 DIFFERENT PRODUCTS.

G4-PR3: PRODUCT AND SERVICE INFORMATION PROVIDED

| Topic | Product and service information provided |
|--|---|
| The sourcing of components of the product or service | Only if requested by customers |
| Content, particularly with regard to substances that might produce an environmental or social impact | As required by law, always in Safety Data Sheets (SDS) and on the Labels. Additional information about chemicals in our products for voluntary certification/compliance schemes such as ecolabeling is also provided to customers upon request and when applicable. |
| Safe use of the product or service | Safe use of a product or service is communicated in the SDS's and on the Labels. Additional information about the use, dosage and application is provided to customers when applicable. |
| Disposal of the product and environmental/social impacts | When legally required, disposal of a product and environmental/social impacts are communicated in the SDS's and on the Labels. |

G4-PR4: TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELING, BY TYPE OF OUTCOMES

Customer complaints, claims or non-conformities are actively monitored, evaluated and corrected as required by the quality management systems in use at Kemira.

In 2014, there were 115 (116 cases in 2013) incidents of customer complaints related to labeling. Main causes for these were mostly found in warehousing (37 cases) and distribution (27 cases). The most typical incident was that a wrong label had been used in packaging. The handling of 6 cases was not completed by year end.

In 2014, there were 10 incidents related to non-compliance with regulations. Main causes for these were mostly found in logistic carriers (4 cases). All cases had a different cause. The handling of all cases was completed by year-end.

There were no incidents of non-compliance with regulations resulting in a fine, penalty or a warning.

MATERIAL ASPECT: MARKETING COMMUNICATIONS

G4-PR6: SALE OF BANNED OR DISPUTED PRODUCTS

Kemira follows all relevant chemical laws and regulations, and thus does not sell any banned products. Kemira is proactive in mitigating health, safety, environment or image related risks, for example concerning products subject to stakeholder questions or public debate. An action plan has been created and is being implemented on products containing suspected Endocrine Disruptors. Additionally, the following disputed products are being studied; products containing genetically modified materials, nanomaterials, disputed renewable materials or conflict minerals.

MATERIAL ASPECT: PRODUCT COMPLIANCE

G4-PR9: MONETARY VALUE OF SIGNIFICANT FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES

In 2014, Kemira did not record any regulatory non-compliances that would have resulted in fines.

4. REPORTING PRINCIPLES

The Kemira GRI report 2014 is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Guidelines. The Business Report includes some of the General Standard Disclosures according to the GRI G4 Guidelines. The Business Report reflects the principles set out in the International Integrated Reporting <IR> Framework. The contents of these reports have been reviewed and approved by the Kemira Board of Directors in February 2015. Contents related to our economic, environmental and social performance have been independently assured by Deloitte against the GRI principles for defining report content and quality. The GRI report is intended to be read in context with other sections of the Kemira Annual Report 2014.

4.1 REPORTING FRAMEWORK

GRI SUSTAINABILITY REPORTING FRAMEWORK

The Global Reporting Initiative (GRI) is an international non-profit organization, and a Collaborating Centre of the United Nations Environment Programme. GRI's Sustainability Reporting Framework enables companies and organizations to measure, understand and communicate information regarding the economic, environmental and social impacts caused by their business activities. A sustainability report also presents the organization's governance model, and demonstrates the link between its strategy and commitment to a sustainable global economy. www.globalreporting.org

COMMUNICATION ON PROGRESS (COP) FOR THE UN GLOBAL COMPACT

Kemira became a signatory of the United Nations Global Compact in March 2014. The UN Global Compact is the world's largest voluntary corporate citizenship initiative to respect and promote human rights, implement decent work practices, reduce environmental impacts and work against corruption. This corporate responsibility report 2014 conveys our Communication on Progress (COP) for the UN Global Compact's Ten Principles. GRI G4 indicators are used to report the actions taken to implement the Global Compact Principles as well as the outcomes of such actions. See the GRI Content Index. www.unglobalcompact.org

4.2 REPORTING SCOPE

G4-13: SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

At the end of 2014, Kemira had 59 (59) manufacturing sites. The environmental reporting scope included 63 (64) sites according to Kemira consolidation rules. In 2014, Kemira closed 4 manufacturing sites (Vaasa, Sausheim, Europort, old Tarragona) and ramped up 3 new sites (Dormagen and Nanjing, new Tarragona).

There were no significant changes in share capital structure and other capital formation, maintenance, and alteration operations. For further information, please see the Consolidated Financial Statements: Note 33.

There were no significant changes in the supply chain in terms of location of material and service suppliers or in the selection or termination of suppliers.

G4-17: ENTITIES INCLUDED IN THE ORGANIZATION'S CONSOLIDATED FINANCIAL STATEMENTS

The reporting boundaries of this GRI report follow in main part the reporting boundaries of Kemira's Consolidated Financial Statements. More detailed description of the reporting boundaries and the completeness of the information is provided in table Reporting scope (G4-19, G4-20, G4-21). The entities included in Kemira's Consolidated Financial Statements are listed in the Notes to the Consolidated Financial Statements 34; Group companies.

G4-18: PROCESS FOR DEFINING REPORT CONTENT AND ASPECT BOUNDARIES

The definition of Material Aspects for Kemira's reporting was carried out in accordance with the GRI G4 Principles for defining report content.

1. IDENTIFICATION

The identification of the Aspects relevant to Kemira was based on the topics and concerns raised in stakeholder surveys conducted in 2011 and in 2013. Stakeholders who participated in the surveys represented employees, shareholders and investors, customers, suppliers, non-governmental organizations and governmental authorities. Both internal and external stakeholders highlighted the importance of product safety and innovation, business ethics and compliance, responsibility in the supply chain, environmental topics such as greenhouse gas emissions and water efficiency, and employee development.

2. PRIORITIZATION

The identified Aspects were prioritized against three criteria, whether the Aspects were reflecting:

- The top ten most important topics and concerns raised by Kemira's stakeholders
- The main sustainability topics for the global chemical sector (GRI 2013, Sustainability Topics for Sectors: What do stakeholders want to know?)
- Kemira's strategy from the perspective of either value creation or risk to Kemira

As a result of the prioritization, 36 Aspects out of the 46 Aspects in the GRI subject list met most of the three criteria and were selected as Material Aspects for reporting.

3. VALIDATION

Aspect boundaries for the identified Material Aspects were defined to reflect whether the impacts occur within or outside of the Kemira entities according to Kemira consolidation rules. Data collection practices for the identified Material Aspects were reviewed and defined. The list of identified Material Aspects, a detailed description of the respective Aspect Boundaries and data collection practices are presented in table G4-19–21.

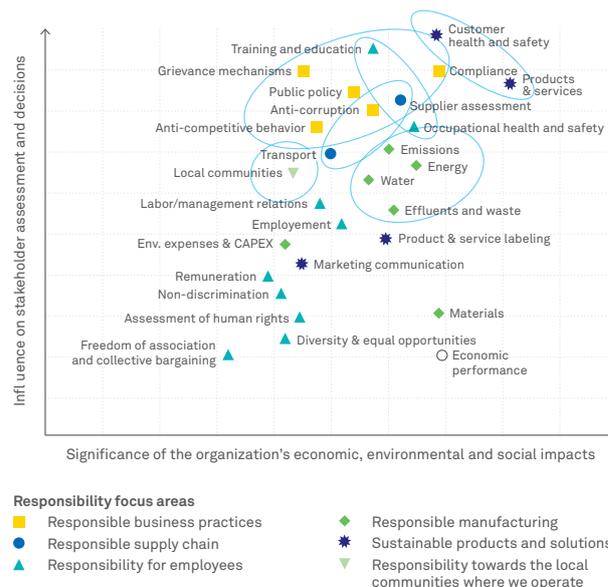
The identified Material Aspects provide a balanced representation of Kemira's corporate responsibility focus areas, which are Responsible business practices, Responsible supply chain, Responsible manufacturing, Responsible products and solutions, Responsible supply chain, Responsible manufacturing, Responsibility for employees, Sustainable products and solutions and Responsibility towards the local communities where we operate.

4. REVIEW

Our corporate responsibility performance and targets have been discussed and approved by the Management Board in the end of 2012 and updated in January 2014 and December 2014. The Material Aspects identified in 2013 were deemed still valid in 2014.

CORPORATE RESPONSIBILITY FOCUS AREAS AND MATERIAL ASPECTS

The results of the materiality assessment are mapped in the MATRIX where the y-axis maps the relative importance of the Material Aspects to our stakeholders and the x-axis shows the relative significance of Kemira's economic, environmental and social impacts. Similar types of Material Aspects with high importance are grouped together to indicate the focus areas of Kemira's corporate responsibility.



G4-19–21 IDENTIFIED MATERIAL ASPECTS AND ASPECT BOUNDARIES

| Identified Material Aspects G4-19: | G4-20: Aspect boundaries within Kemira | G4-21: Aspect boundaries outside Kemira | Data collection practices |
|---------------------------------------|---|--|--|
| CATEGORY: ECONOMIC | | | |
| • Economic performance | Kemira operations* | | Data is extracted from the Kemira ERP system and collected from Kemira consolidated companies. Consolidation on the Group level. |

| Identified Material Aspects G4-19: | G4-20: Aspect boundaries within Kemira | G4-21: Aspect boundaries outside Kemira | Data collection practices |
|---|--|--|--|
| CATEGORY: ENVIRONMENT | | | |
| <ul style="list-style-type: none"> Materials Products and services Transport | Kemira operations covered by ERP** | | Data is extracted from the Kemira ERP system and from R&D New Product Development process documentation. |
| <ul style="list-style-type: none"> Energy (scope 1 and 2) Water Emissions (scope 1 and 2) Effluents and waste Compliance Environmental expenses and investments | Kemira manufacturing sites*** | | Data is collected from each production site and consolidated on the Group level. |
| <ul style="list-style-type: none"> Emissions (scope 3) | | Kemira value chain from suppliers to customers | Data is collected from the Kemira ERP system and relevant organizational units. Default data and assumptions as in the WBCSD Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain. |
| <ul style="list-style-type: none"> Supplier environmental assessment | | Suppliers | Harmony Contract Management Tool to track suppliers' signature for the Code of Conduct for SDA. Ecovadis database for supplier sustainability assessment. |
| <ul style="list-style-type: none"> Environmental grievance mechanism | Kemira operations* | External stakeholders | Kemira Compliance and Ethics Hotline. External notifications from sustainability@kemira.com. Internal Audit reports. |
| CATEGORY: SOCIAL | | | |
| Labor practices and decent work | | | |
| <ul style="list-style-type: none"> Employment Labor/management relations Occupational health and safety**** Training and education Diversity and equal opportunity Equal remuneration for women and men | Kemira operations* | | HR data management system. Kemira is to some extent using supervised workers and supervised employees of contractors, but the information is managed locally at respective sites and is not collected and consolidated globally. |
| <ul style="list-style-type: none"> Supplier assessment for labor practices | | Suppliers | Harmony Contract Management Tool to track suppliers' signature for the Code of Conduct for SDA. |
| <ul style="list-style-type: none"> Labor practices grievance mechanism | Kemira operations* | External stakeholders | Kemira Compliance and Ethics Hotline. External notifications from sustainability@kemira.com. Internal Audit reports. |
| Human rights | | | |
| <ul style="list-style-type: none"> Non-discrimination Freedom of association and collective bargaining Human rights assessment | Kemira operations* | | Notifications through Compliance & Ethics Hotline and sustainability@kemira.com |
| <ul style="list-style-type: none"> Supplier human rights assessment | | Suppliers | Harmony Contract Management Tool to track suppliers' signature for the Code of Conduct for SDA. |
| <ul style="list-style-type: none"> Human rights grievance mechanism | Kemira operations* | External stakeholders | Kemira Compliance and Ethics Hotline. External notifications from sustainability@kemira.com. Internal Audit reports. |
| Society | | | |
| <ul style="list-style-type: none"> Local communities Anti-corruption Public policy Anti-competitive behavior Compliance | Kemira operations* | | Data is collected from each region and from the Kemira legal archive files, and through notifications from Kemira Compliance and Ethics Hotline. |
| <ul style="list-style-type: none"> Supplier assessment for impacts on society | | Suppliers | Harmony Contract Management Tool to track suppliers' signature for the Code of Conduct for SDA. |
| <ul style="list-style-type: none"> Grievance mechanism for impacts on society | Kemira operations* | External stakeholders | Kemira Compliance and Ethics Hotline. External notifications from sustainability@kemira.com. Internal Audit reports. |
| Product responsibility | | | |
| <ul style="list-style-type: none"> Customer health and safety Product and service labeling Marketing communication Compliance | Kemira operations covered by ERP** | | Data is extracted from the Kemira ERP system, from R&D New Product Development process documentation and Kemira legal archives. |

SAD = Suppliers, Distributors and Agents

* Kemira operations = All Kemira operations according to Kemira consolidation rules

** Kemira operations covered by ERP = All Kemira operations according to Kemira consolidation rules that are covered by the Kemira Enterprise Resource Planning (ERP)

*** Kemira manufacturing sites = All Kemira manufacturing sites according to Kemira consolidation rules

**** Occupational health & safety: TRI number includes contractors working at Kemira sites

G4-22: EFFECT OF ANY RESTATEMENTS OF INFORMATION PROVIDED IN PREVIOUS REPORTS AND THE REASONS FOR SUCH RESTATEMENTS

There is a major restatement for Scope 3 and for water recycled back in the same process.

G4-23: SIGNIFICANT CHANGES FROM PREVIOUS REPORTING PERIODS IN THE SCOPE AND ASPECT BOUNDARIES

There are no significant changes from previous reporting periods in the reporting scope and aspect boundaries.

4.3 REPORT PROFILE

G4-28: REPORTING PERIOD

The reporting period is from January 1 to December 31, 2014.

G4-29: DATE OF THE MOST RECENT PREVIOUS REPORT

Kemira's previous corporate responsibility report 2013 was published on February 26, 2014.

Kemira has been reporting its environmental performance since the early 1990s. Prior to the reporting year 2010, we used the Responsible Care Reporting Guidelines of the European Chemical Industry Council (CEFIC) as a reporting framework. The first sustainability report prepared according to the GRI guidelines was published for the reporting year 2011. The reports for years 2003–2013 are available on Kemira's website www.kemira.com.

G4-30: REPORTING CYCLE

Kemira's corporate responsibility report and financial statements are published annually by calendar year.

G4-31: CONTACT POINT FOR QUESTIONS REGARDING THE REPORT

For questions regarding the report or its contents, please contact Kemira Communications, Corporate Responsibility or sustainability@kemira.com.

5. GOVERNANCE

Complementary information on Kemira's corporate governance is available in the Corporate Governance Statement of the Annual Report 2014.

GOVERNANCE STRUCTURE AND COMPOSITION

G4-34: GOVERNANCE STRUCTURE OF THE ORGANIZATION, INCLUDING COMMITTEES OF THE HIGHEST GOVERNANCE BODY

Kemira's governance structure is described in the Corporate Governance Statement of the Annual Report 2014.

G4-36: EXECUTIVE-LEVEL POSITIONS WITH RESPONSIBILITY FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

The CEO is ultimately accountable for sustainability and overall performance with regard to the corporate responsibility targets and reports directly to the Board of Directors. Responsibilities for the individual targets are shared between the members of the Management Board, as outlined below. Segments and functions are responsible for implementation and driving performance.

| Areas of accountability | Title |
|---|--|
| Ethics and compliance | Group General Counsel |
| Responsible sourcing, Climate Change (Scope 2), Economic impact (Tax policy, Dividend policy) | Chief Financial Officer |
| EHSQ, Energy efficiency, Climate Change (Scope 1) | EVP, Projects & Manufacturing Technology |
| Employee related targets | EVP, Human Resources |
| Innovation | CTO, R&D and Technology |
| Product stewardship | President, Segment M&I & Region EMEA |
| Local community engagement target Corporate responsibility function | SVP, Communications & Corp. Responsibility (reporting directly to CEO, not a member of the Management Board) |

G4-37: PROCESSES FOR CONSULTATION BETWEEN STAKEHOLDERS AND THE HIGHEST GOVERNANCE BODY ON ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

As a listed company, Kemira can disclose information to the market in alignment with Kemira Oyj's corporate governance, which is based on the rules of the Articles of Association, the Finnish Limited Liability Companies Act (in Finnish: osakeyhtiölaki) and the rules and regulations applicable to companies listed on the NASDAQ OMX Nordic. Furthermore, Kemira complies with the Finnish Corporate Governance Code 2010, which is publicly available at www.cgfinland.fi. All information that is likely to materially influence the valuation of a listed company must be published in such a manner that the information reaches all market participants simultaneously.

Kemira's general meeting of shareholders is held at least once a year. Shareholders have the right to demand a matter that falls within the competence of the general meeting by virtue of the Limited Liability Companies Act to be included in the agenda. The shareholders also have the right to ask questions from the members of the Board of Directors, the CEO and the auditor during the general meeting.

Institutional and private shareholders engage directly with the CEO, CFO and Kemira's Investor Relations. The Head of Investor Relations reports to the Chief Financial Officer. In 2014, Kemira's Investor Relations hosted approximately 30 roadshow days and 250 individual meetings with portfolio managers and other representatives in several countries.

The employee survey results are reported to the Personnel and Remuneration Committee and to the Board of Directors. Other topics relating to stakeholder relations are reported to the Board of Directors only when material issues are revealed.

G4-38: COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES

The composition of Kemira's highest governance body and its committees is described in the Corporate Governance Statement of the Annual Report 2014 in the Board of Directors section. Diversity matters regarding the Board of Directors are reported in indicator G4-LA12.

G4-39: STATUS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The tasks and duties of the Chairman are laid out in the Kemira Oyj's Charter of the Board of Directors. The Chairman of the Board of Directors is a non-executive officer.

G4-40: NOMINATION AND SELECTION PROCESSES FOR THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES, AND THE CRITERIA USED FOR NOMINATING AND SELECTING HIGHEST GOVERNANCE BODY MEMBERS

The 2012 Annual General Meeting (AGM) decided to establish a Nomination Board, consisting of shareholders or representatives of shareholders, to prepare an annual proposal for the next AGM regarding the composition and remuneration of the Board of Directors.

The Nomination Board consists of representatives of Kemira Oyj's four largest shareholders, based on the situation on August 31 preceding the AGM. The Chairman of Kemira Oyj's Board of Directors acts as an expert member. The authority, composition and responsibilities of the Nomination Board are laid out in the Kemira Nomination Board Charter.

Kemira complies with The Finnish Corporate Governance Code www.cgfinland.fi and follows its recommendations for criteria used in selecting the members of the Board, including independence, competence and diversity.

G4-41: PROCESSES IN PLACE TO AVOID AND MANAGE CONFLICTS OF INTEREST

The main tasks and duties of the Board of Directors and Board Committees are defined in the Kemira Oyj's Charter of the Board of Directors.

The Finnish Corporate Governance Code defines the evaluation of the independence of the Board of Directors and obliges the directors to provide the Board with sufficient information that allows the Board to evaluate their qualifications and independence, and notify the Board of any changes in such information.

The Finnish Corporate Governance Code and Kemira Oyj's Charter of the Board of Directors define that the members of the Audit Committee and the Personnel and Remuneration Committee must be non-executive directors who are independent of the company.

All Board members are independent of the company except Dr. Wolfgang Büchele who is the former CEO of Kemira. The Board members are also independent of the major shareholders of the company, except Chairman Jari Paasikivi. Jari Paasikivi is the CEO of Oras Invest Oy, which owns over 10% of Kemira Oyj's shares.

The related parties, transactions and disclosure of related parties and transactions are defined in the Kemira Group Related Party Policy. Related party information is disclosed in the Consolidated Financial Statements, Note 32, as required by the International Financial Reporting Standards (IFRS).

As stated in the company's Code of Conduct, all Kemira employees, as well as the Board of Directors, must recognize and avoid conflicts of interest and must always disclose any potential or actual conflict of interest in accordance with applicable Kemira policies.

ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY

G4-42: THE HIGHEST GOVERNANCE BODY'S AND SENIOR EXECUTIVES' ROLES IN THE DEVELOPMENT, APPROVAL, AND UPDATING OF THE ORGANIZATION'S PURPOSE, VALUE OR MISSION STATEMENTS, STRATEGIES, POLICIES, AND GOALS RELATED TO ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

The general meeting of shareholders, the Board of Directors and the Managing Director (President & CEO) are responsible for Kemira's management and operations. Their tasks are defined based on the Finnish Limited Liability Companies Act and Kemira Oyj's Articles of Association.

Kemira Oyj's Charter of the Board of Directors lays out that the Board of Directors shall establish the long-term goals of the company and the main strategies for achieving them, approve the Annual Business Plan/Budget and define and approve key corporate policies in key management control areas like risk management, financial control, financing, internal control, information security, corporate communications, human resources, ethical values and environment. The Board of Directors approves the interim reports and financial statements as well as the corporate responsibility report.

The Managing Director (President & CEO) is responsible for managing and developing the company and the Kemira Group in accordance with the instructions and rules issued by the Board of Directors.

The Management Board is responsible for securing the long-term strategic development of the company. The Management Board also approves the company's policies and corporate responsibility targets.

COMPETENCIES AND PERFORMANCE EVALUATION

G4-43: REPORT THE MEASURES TAKEN TO DEVELOP AND ENHANCE THE HIGHEST GOVERNANCE BODY'S COLLECTIVE KNOWLEDGE OF ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

The Board of Directors approves interim reports, including quarterly status updates on corporate responsibility targets, as well as the corporate responsibility report. The Board is also informed about the results of the employee surveys, and regularly reviews Kemira's EHSQ updates.

G4-44: PROCESSES AND ACTIONS TAKEN WITH REGARD TO HIGHEST GOVERNANCE BODY'S PERFORMANCE

Annual self-assessment of Board work and performance is laid out in the Kemira Oyj's Charter of the Board of Directors. The assessment covers issues and trends affecting the company, including governance of economic topics. The resulting action-plans are presented to the Nomination Board.

ROLE IN RISK MANAGEMENT

G4-45: HIGHEST GOVERNANCE BODY'S ROLE IN THE IDENTIFICATION AND MANAGEMENT OF ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS, RISKS, AND OPPORTUNITIES

Risks and opportunities are identified in Kemira's strategy, approved by the Board of Directors. Strategy review is a continuous process at Kemira. Early warning signals are presented to the Board of Directors once a month, covering information on the markets relevant to the company. A risk report based on the findings of the annual Enterprise Risk Management (ERM) process is annually presented to the Board of Directors.

G4-46: THE HIGHEST GOVERNANCE BODY'S ROLE IN REVIEWING THE EFFECTIVENESS OF THE ORGANIZATION'S RISK MANAGEMENT PROCESSES FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

Board of Directors/Audit Committee has the oversight responsibility for risk management and approves the Kemira Group Risk Management Policy and supervises the implementation of risk management.

Kemira's Internal Audit function reviews the results of the risk assessment processes annually for audit planning purposes. The risk management process is evaluated by the Internal Audit every three years.

G4-47: THE FREQUENCY OF THE HIGHEST GOVERNANCE BODY'S REVIEW OF ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS, RISKS, AND OPPORTUNITIES

The tasks and duties of the highest governance body are laid out in the Kemira Oyj's Charter of the Board of Directors. In 2014, the Board of Directors met 13 times.

ROLE IN SUSTAINABILITY REPORTING

G4-48: THE HIGHEST COMMITTEE OR POSITION THAT FORMALLY REVIEWS AND APPROVES THE ORGANIZATION'S SUSTAINABILITY REPORT AND ENSURES THAT ALL MATERIAL ASPECTS ARE COVERED

Kemira's corporate responsibility targets are approved by the Management Board and discussed annually with the Board of Directors. Performance against targets is publicly reported in Kemira's interim reports and the corporate responsibility report, which is part of the annual report.

Kemira's corporate responsibility report is approved by the Board of Directors and assured by an external partner.

ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE

G4-49: THE PROCESS FOR COMMUNICATING CRITICAL CONCERNS TO THE HIGHEST GOVERNANCE BODY

Critical concerns are communicated either directly to the Board of Directors or through the Audit Committee, which reviews the effectiveness of internal controls and risk management. The CEO is responsible for risk management reporting to the Board of Directors.

Our employees have an obligation to raise concerns about possible misconduct against our Code of Conduct or policies. The first point of contact is the direct or relevant line manager or the Kemira Ethics & Compliance function. We also have an Ethics and Compliance Hotline operated by an external service provider. It is available 24/7 for all Kemira employees to report suspected misconduct in their mother tongue, either by phone or an online form. Any reporting on non-compliance issues is treated confidentially and anonymously by the Compliance Committee. Kemira's Internal Audit reports all cases to the Audit Committee.

G4-50: NATURE AND TOTAL NUMBER OF CRITICAL CONCERNS THAT WERE COMMUNICATED TO THE HIGHEST GOVERNANCE BODY AND THE MECHANISMS USED TO ADDRESS THEM

Litigations, if material, are reported in the Financial Statements in Note 30: Commitments and contingent liabilities, section "Litigation". Litigation cases above the threshold value EUR 100,000 are periodically reported to the Audit Committee. All violations against the Code of Conduct are reported to the Audit Committee. There were 7 reported cases in 2014. The Audit Committee reports the litigation and violation cases to the Board of Directors in each meeting. Non-compliance issues reported by Kemira employees are treated by the Compliance Committee, which reports to the Audit Committee.

REMUNERATION AND INCENTIVES

G4-51: EXECUTIVE-LEVEL COMPENSATIONS

Kemira's management remuneration is described in the Management Remuneration Statement included in the Corporate Governance Statement, and published pursuant to Recommendation no 47 of the Finnish Corporate Governance Code 2010.

BOARD OF DIRECTORS

Kemira's Annual General Meeting decides on the remuneration of the Board of Directors for one term of office at a time. According to the decisions of the Annual General Meeting 2014, the members of the Board of Directors are paid an annual fee, a separate fee per meeting and traveling expenses. In addition, the 2014 Annual General Meeting decided that the annual fee shall be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the Kemira shares owned by the company or, if this is not possible, Kemira shares acquired from the securities market, and 60% is paid in cash. The shares were transferred to the members of the Board of Directors within two weeks after the release of Kemira's interim report January 1 – March 31, 2014. The members of the Board of Directors are not eligible for any cash bonus plans, share-based incentive plans or supplementary pension plans of Kemira Oyj. The remuneration fees are documented in the Management Remuneration Statement dated March 12, 2014.

MANAGING DIRECTOR AND THE MANAGEMENT BOARD

The remuneration of the Managing Director (President & CEO), his Deputy and other members of the Management Board comprises of a monthly salary, benefits and performance-based incentives. The performance-based incen-

tives consist of an annual cash bonus plan and a long-term share-based incentive plan. Neither the Managing Director nor the other members of the Management Board have a separate supplementary pension arrangement. A mutual termination notice period of six months applies to the Managing Director. The Managing Director is entitled to a separate severance pay for 12 months if the company decides to terminate his/her service contract for reasons not depending on the Managing Director. The remuneration fees and main principles of the performance-based incentive plans are described in the Management Remuneration Statement.

Kemira has a share-based incentive plan targeted to the management and other key personnel. The share-based incentive plan aims to align the goals of the shareholders and the strategic management in order to increase the value of the company, to motivate the strategic management and to provide them with competitive equity based incentives.

G4-52: PROCESS FOR DETERMINING REMUNERATION

The Annual General Meeting decides on the remuneration of the Board of Directors based on a proposal presented by the Nomination Board.

The Board of Directors determines the salaries, other remuneration and employment terms of the Managing Director and other members of the Management Board.

The targets set out in the annual cash bonus plan and the long-term share-based incentive plan for the management are determined annually by the Board of Directors.

The Board of Directors may use external, independent remuneration consultants when needed. Consultants have been used for example for defining the incentive plans described above.

G4-53: PROCESS FOR SEEKING STAKEHOLDER VIEWS REGARDING REMUNERATION

Shareholders' views regarding remuneration are taken into account in Kemira Oyj's Annual General Meeting (AGM). The AGM decides on matters within its competence under the Limited Liabilities Companies Act and the Articles of Association, including the election of the Chairman, Vice Chairman and other members of the Board of Directors and their remuneration, and the election of the auditor and the auditor's fees.

6 ASSURANCE REPORT

INDEPENDENT LIMITED ASSURANCE REPORT

G4-33: POLICY AND CURRENT PRACTICE WITH REGARD TO SEEKING EXTERNAL ASSURANCE FOR THE REPORT

Information on the organization's policy and current practice with regard to external assurance can be found in the Assurance statement.

TO THE BOARD OF DIRECTORS OF KEMIRA OYJ

We have been engaged by Kemira Oyj (hereafter Kemira) to provide a limited assurance on Kemira's corporate responsibility information for the reporting period of January 1, 2014 to December 31, 2014. The information subject to the assurance engagement is the Kemira GRI Report and pages 2–5, 8–15 of the Kemira Business Report (hereafter: Responsibility Information).

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of the Responsibility Information in accordance with the reporting criteria as set out in Kemira's reporting principles and the Sustainability Reporting Guidelines (G4 Core) of the Global Reporting Initiative. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Responsibility Information that are free from material misstatement, selecting and applying appropriate criteria and making estimates that are reasonable in the circumstances. The scope of the Responsibility Information depends on Kemira's Corporate Responsibility focus areas and as well as the reporting principles which are set out on pages 46–47 of the GRI Report.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Responsibility Information based on our engagement. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 to provide limited assurance on performance data and statements within the Responsibility Information. This Standard requires that we comply with ethical requirements and plan and perform the assurance

engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the Responsibility Information has not been prepared, in all material respects, in accordance with the Reporting criteria.

We did not perform any assurance procedures on the prospective information, such as targets, expectations and ambitions, disclosed in the Responsibility Information. Consequently, we draw no conclusion on the prospective information. Our assurance report is made in accordance with the terms of our engagement with Kemira. We do not accept or assume responsibility to anyone other than Kemira for our work, for this assurance report, or for the conclusions we have reached.

A limited assurance engagement with respect to responsibility related data involves performing procedures to obtain evidence about the Responsibility Information. The procedures performed depend on the practitioner's judgment, but their nature is different from, and their extent is less than, a reasonable assurance engagement. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls and consequently they do not enable us to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement.

Our procedures on this engagement included:

- Conducting interviews with senior management responsible for corporate responsibility at Kemira to gain an understanding of Kemira's targets for corporate responsibility as part of the business strategy and operations;
- Reviewing internal and external documentation to verify to what extent these documents and data support the information included in the Responsibility Information and evaluating whether the information presented in the Responsibility Information is in line with our overall knowledge of corporate responsibility at Kemira;
- Conducting interviews with employees responsible for the collection and reporting of the Responsibility Information and reviewing of the processes and systems for data gathering, including the aggregation of the data for the Responsibility Information;
- Performing analytical review procedures and testing data on a sample basis to assess the reasonability of the presented responsibility information;
- Performing site visits to selected sites in Finland and in the UK to review compliance to reporting policies, to assess the reliability of the responsibility data reporting process as well as to test the data collected for responsibility reporting purposes on a sample basis;
- Assessing that the Responsibility Information has been prepared in accordance with the Sustainability Reporting Guidelines (G4 Core) of the Global Reporting Initiative.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

OUR INDEPENDENCE AND COMPETENCES IN PROVIDING ASSURANCE TO KEMIRA

We complied with Deloitte's independence policies which preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality and from any involvement in the preparation of the report. We have maintained our independence and objectivity throughout the year and there were no events or prohibited services provided which could impair our independence and objectivity.

This engagement was conducted by a multidisciplinary team including assurance and sustainability expertise with professional qualifications. Our team is experienced in providing sustainability reporting assurance.

CONCLUSION

On the basis of the procedures we have performed, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G4 Core) of the Global Reporting Initiative or that the Responsibility Information is not reliable, in all material respects, with regard to the Reporting criteria.

Helsinki 10.2.2015
Deloitte & Touche Oy

Jukka Vattulainen
Authorized Public
Accountant

Lasse Ingström
Authorized Public
Accountant

7 GRI CONTENT INDEX

BR = Business Report
 GRI = GRI report
 GS = Corporate Governance Statement
 FS = Financial Statements
 AsR = Assurance Report

The report is prepared in accordance with the GRI-G4 Core option. Communication on Progress (COP) of the UN Global Compact at Global Compact Active level using the GRI G4 reporting principles.

GENERAL STANDARD DISCLOSURES

| Standard disclosures | | Location in the Annual Report (pp) | UN Global Compact Principles | External Assurance |
|---|--|------------------------------------|------------------------------|--------------------|
| STRATEGY AND ANALYSIS | | | | |
| G4-1 | Statement from the most senior decision maker of the organization about relevance of sustainability to the organization and its strategy | BR 2–3, 8 | Commitment to GC | AsR, GRI pp. 54–55 |
| G4-2 | Key impacts, risks and opportunities | BR 20,26,32 GRI 4–6, 46–48 | | |
| ORGANIZATIONAL PROFILE | | | | |
| G4-3 | Name of the reporting organization | Kemira Oyj | | AsR, GRI pp. 54–55 |
| G4-4 | Primary brands, products and services | BR 16–33 | | |
| G4-5 | Location of organization's headquarters | Helsinki, Finland | | AsR, GRI pp. 54–55 |
| G4-6 | Countries of operation | BR 4–5 | | AsR, GRI pp. 54–55 |
| G4-7 | Nature of ownership and legal form | BR 4–5 | | AsR, GRI pp. 54–55 |
| G4-8 | Markets served with geographic breakdown | BR 4–5 | | AsR, GRI pp. 54–55 |
| G4-9 | Scale of the reporting organization | BR 4–5, FS Balance Sheet | | AsR, GRI pp. 54–55 |
| G4-10 | Workforce structure by employment type, gender and region | GRI 33 | Principle 6 | AsR, GRI pp. 54–55 |
| G4-11 | Employees covered by collective bargaining agreements | GRI 34 | Principle 3 | AsR, GRI pp. 54–55 |
| G4-12 | Description of organization's supply chain | GRI 14–15 | | AsR, GRI pp. 54–55 |
| G4-13 | Significant changes during the reporting period | GRI 46, FS Note 33 | | AsR, GRI pp. 54–55 |
| G4-14 | Position regarding the precautionary principle and its application | GS: Risk section | | |
| G4-15 | Adherence to charters, principles and other external initiatives | GRI 5 | | AsR, GRI pp. 54–55 |
| G4-16 | Memberships of associations and advocacy organizations | GRI 5 | | AsR, GRI pp. 54–55 |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | | |
| G4-17 | Entities included in the organization's consolidated financial statements | GRI 46 | | AsR, GRI pp. 54–55 |
| G4-18 | Process for determining the report content | GRI 46–47 | | AsR, GRI pp. 54–55 |
| G4-19 | Material Aspects identified in the process for defining report content | GRI 47–48 | | AsR, GRI pp. 54–55 |
| G4-20 | Boundaries of material aspects within the organization | GRI 47–48 | | AsR, GRI pp. 54–55 |
| G4-21 | Boundaries of material aspects outside the organization | GRI 47–48 | | AsR, GRI pp. 54–55 |
| G4-22 | Effect of any restatements of information provided in previous reports, and the reasons for such restatements. | GRI 49 | | AsR, GRI pp. 54–55 |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries | GRI 49 | | AsR, GRI pp. 54–55 |

GENERAL STANDARD DISCLOSURES

| Standard disclosures | | Location in the Annual Report (pp) | UN Global Compact Principles | External Assurance |
|--|---|------------------------------------|------------------------------|--------------------|
| STAKEHOLDER ENGAGEMENT | | | | |
| G4-24 | Stakeholder groups engaged by the organization. | GRI 3-4 | | AsR, GRI pp. 54-55 |
| G4-25 | Basis for identification and selection of stakeholders | GRI 3-4 | | AsR, GRI pp. 54-55 |
| G4-26 | Organization's approach to stakeholder engagement | GRI 3-4 | | AsR, GRI pp. 54-55 |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns | GRI 3-4 | | AsR, GRI pp. 54-55 |
| REPORT PROFILE | | | | |
| G4-28 | Reporting period for the information provided | GRI 49 | | AsR, GRI pp. 54-55 |
| G4-29 | Date of the most recent previous report | GRI 49 | | AsR, GRI pp. 54-55 |
| G4-30 | Reporting cycle | GRI 49 | | AsR, GRI pp. 54-55 |
| G4-31 | Contact point for questions regarding the report or its contents | GRI 49 | | AsR, GRI pp. 54-55 |
| G4-32 | GRI content index. Table identifying the location of the Standard Disclosures in the report | GRI 58-63 | | AsR, GRI pp. 54-55 |
| G4-33 | Policy and practice with regard to seeking external assurance for the report | GRI 55 | | AsR, GRI pp. 54-55 |
| GOVERNANCE AND ETHICS | | | | |
| GOVERNANCE | | | | |
| Governance Structure and Composition | | | | |
| G4-34 | Governance structure of the organization | GRI 50 | | AsR, GRI pp. 54-55 |
| G4-36 | Executive-level position with responsibility for economic, environmental and social topics | GRI 50 | | AsR, GRI pp. 54-55 |
| G4-37 | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. | GRI 50 | | AsR, GRI pp. 54-55 |
| G4-38 | Composition of the highest governance body and its committees | GRI 50 | | AsR, GRI pp. 54-55 |
| G4-39 | The role of the Chairman of the Board of Directors | GRI 50 | | AsR, GRI pp. 54-55 |
| G4-40 | Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members | GRI 51 | | AsR, GRI pp. 54-55 |
| G4-41 | Processes for the highest governance body to ensure conflicts of interest are avoided and managed | GRI 51 | | AsR, GRI pp. 54-55 |
| Role in Setting Purpose, Values, and Strategy | | | | |
| G4-42 | Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impact | GRI 51 | | AsR, GRI pp. 54-55 |
| Competencies and Performance Evaluation | | | | |
| G4-43 | The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics. | GRI 51 | | AsR, GRI pp. 54-55 |
| G4-44 | Process for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. | GRI 52 | | AsR, GRI pp. 54-55 |

GENERAL STANDARD DISCLOSURES

| Standard disclosures | | Location in the Annual Report (pp) | UN Global Compact Principles | External Assurance |
|--|--|------------------------------------|------------------------------|--------------------|
| Role in Risk Management | | | | |
| G4-45 | The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. | GRI 52 | | AsR, GRI pp. 54–55 |
| G4-46 | The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics | GRI 52 | | AsR, GRI pp. 54–55 |
| G4-47 | The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities | GRI 52 | | AsR, GRI pp. 54–55 |
| Role in Sustainability Reporting | | | | |
| G4-48 | The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered | GRI 52 | | AsR, GRI pp. 54–55 |
| Role in Evaluating Economic, Environmental and Social Performance | | | | |
| G4-49 | Process for communicating critical concerns to the highest governance body | GRI 52 | | AsR, GRI pp. 54–55 |
| G4-50 | The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them | GRI 53 | | AsR, GRI pp. 54–55 |
| Remuneration and Incentives | | | | |
| G4-51 | The remuneration policies for the highest governance body and senior executives. | GRI 53 | | AsR, GRI pp. 54–55 |
| G4-52 | The process for determining remuneration. | GRI 53 | | AsR, GRI pp. 54–55 |
| G4-53 | How stakeholders' views are sought and taken into account regarding remuneration | GRI 53 | | AsR, GRI pp. 54–55 |
| ETHICS AND INTEGRITY | | | | |
| G4-56 | Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics | GRI 11–12 | Principle 10 | AsR, GRI pp. 54–55 |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines | GRI 11–12 | Principle 10 | AsR, GRI pp. 54–55 |
| G4-58 | Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines | GRI 11–12 | Principle 10 | AsR, GRI pp. 54–55 |

SPECIFIC STANDARD DISCLOSURES

GENERIC DISCLOSURES ON MANAGEMENT APPROACH

For Kemira's Description of Management Approach (DMA), please see:

- Corporate responsibility, GRI pp. 5–9
- Focus areas, GRI pp. 5–20
- Economic impact, GRI pp. 21–22
- Governance, GRI pp. 50–53

SPECIFIC STANDARD DISCLOSURES

| Performance indicators | | Location in the Annual Report (pp) | UN Global Compact Principles | External Assurance |
|--|--|------------------------------------|------------------------------|--------------------|
| ECONOMIC PERFORMANCE INDICATORS | | | | |
| Material Aspect: Economic Performance | | | | |
| G4-EC1 | Direct economic value generated and distributed | GRI 21–22 | | AsR, GRI pp. 54–55 |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations | GRI 22 | | AsR, GRI pp. 54–55 |
| G4-EC4 | Financial assistance received from government | GRI 22 | | AsR, GRI pp. 54–55 |
| ENVIRONMENTAL PERFORMANCE INDICATORS | | | | |
| Material Aspect: Materials | | | | |
| G4-EN1 | Materials used by weight or volume | GRI 23 | Principle 7, 8 | AsR, GRI pp. 54–55 |
| G4-EN2 | Percentage of materials used that are recycled input materials | GRI 23 | Principle 8 | AsR, GRI pp. 54–55 |
| Material Aspect: Energy | | | | |
| G4-EN3 | Energy consumption within the organization | GRI 24 | Principle 7, 8 | AsR, GRI pp. 54–55 |
| G4-EN5 | Energy intensity | GRI 24 | Principle 8 | AsR, GRI pp. 54–55 |
| G4-EN6 | Reduction of energy consumption | GRI 24 | Principle 8, 9 | AsR, GRI pp. 54–55 |
| Material Aspect: Water | | | | |
| G4-EN8 | Total water withdrawal by source | GRI 25 | Principle 7, 8 | AsR, GRI pp. 54–55 |
| G4-EN10 | Percentage and total volume of water recycled and reused | GRI 25 | Principle 8 | AsR, GRI pp. 54–55 |
| Material Aspect: Emissions | | | | |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | GRI 26 | Principle 7, 8 | AsR, GRI pp. 54–55 |
| G4-EN16 | Indirect greenhouse gas (GHG) emissions (Scope 2) | GRI 26 | Principle 7, 8 | AsR, GRI pp. 54–55 |
| G4-EN17 | Other indirect greenhouse gas (GHG) emissions (Scope 3) | GRI 26–27 | Principle 7, 8 | AsR, GRI pp. 54–55 |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | GRI 26 | Principle 8 | AsR, GRI pp. 54–55 |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | GRI 26 | Principle 8, 9 | AsR, GRI pp. 54–55 |
| G4-EN20 | Emissions of ozone-depleting substances (ODS) | GRI 28 | Principle 7, 8 | AsR, GRI pp. 54–55 |
| G4-EN21 | NOX, SOX, and other significant air emissions | GRI 28 | Principle 7, 8 | AsR, GRI pp. 54–55 |
| Material Aspect: Effluents and Waste | | | | |
| G4-EN22 | Total water discharge by quality and destination | GRI 28 | Principle 8 | AsR, GRI pp. 54–55 |
| G4-EN23 | Total weight of waste by type and disposal method | GRI 29 | Principle 8 | AsR, GRI pp. 54–55 |
| G4-EN24 | Total number and volume of significant spills | GRI 29 | Principle 8 | AsR, GRI pp. 54–55 |
| G4-EN25 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention (2) Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | GRI 29 | Principle 8 | AsR, GRI pp. 54–55 |
| Material Aspect: Products and Services | | | | |
| G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | GRI 29 | Principle 7, 8, 9 | AsR, GRI pp. 54–55 |
| G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | GRI 30 | Principle 8 | AsR, GRI pp. 54–55 |
| Material Aspect: Environmental compliance | | | | |
| G4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | GRI 31 | Principle 8 | AsR, GRI pp. 54–55 |

SPECIFIC STANDARD DISCLOSURES

| | Performance indicators | Location in the Annual Report (pp) | UN Global Compact Principles | External Assurance |
|---|--|------------------------------------|------------------------------|--------------------|
| Material Aspect: Transport | | | | |
| G4-EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | GRI 31 | Principle 8 | AsR, GRI pp. 54–55 |
| Material Aspect: Overall environmental spend | | | | |
| G4-EN31 | Total environmental protection expenditures and investments by type | GRI 32 | Principle 7, 8, 9 | AsR, GRI pp. 54–55 |
| Material Aspect: Supplier Environmental Assessment | | | | |
| G4-EN32 | Percentage of new suppliers that were screened using environmental criteria | GRI 32 | Principle 8 | AsR, GRI pp. 54–55 |
| Material Aspect: Environmental Grievance Mechanisms | | | | |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms | GRI 32 | Principle 8 | AsR, GRI pp. 54–55 |
| SOCIAL PERFORMANCE INDICATORS | | | | |
| LABOR PRACTICES AND DECENT WORK | | | | |
| Material Aspect: Employment | | | | |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | GRI 34 | Principle 6 | AsR, GRI pp. 54–55 |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | GRI 36 | | AsR, GRI pp. 54–55 |
| Material Aspect: Labor/Management Relations | | | | |
| G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | GRI 36 | Principle 3 | AsR, GRI pp. 54–55 |
| Material Aspect: Occupational Health and Safety | | | | |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | GRI 36 | | AsR, GRI pp. 54–55 |
| Material Aspect: Training and Education | | | | |
| G4-LA9 | Average hours of training per year per employee by gender, and by employee category | GRI 36 | Principle 6 | AsR, GRI pp. 54–55 |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | GRI 37 | | AsR, GRI pp. 54–55 |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | GRI 37 | Principle 6 | AsR, GRI pp. 54–55 |
| Material Aspect: Diversity and Equal Opportunity | | | | |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | GRI 38 | Principle 6 | AsR, GRI pp. 54–55 |
| Material Aspect: Equal Remuneration for Women and Men | | | | |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | GRI 39 | Principle 6 | AsR, GRI pp. 54–55 |
| Material Aspect: Supplier Assessment for Labor Practices | | | | |
| G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria | GRI 39 | | AsR, GRI pp. 54–55 |
| Material Aspect: Labor Practices Grievance Mechanisms | | | | |
| G4-LA16 | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms | GRI 39 | | AsR, GRI pp. 54–55 |

SPECIFIC STANDARD DISCLOSURES

| | Performance indicators | Location in the Annual Report (pp) | UN Global Compact Principles | External Assurance |
|--|--|------------------------------------|------------------------------|--------------------|
| HUMAN RIGHTS | | | | |
| Material Aspect: Non-discrimination | | | | |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken | GRI 40 | Principle 6 | AsR, GRI pp. 54–55 |
| Material Aspect: Freedom of Association and Collective Bargaining | | | | |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights | GRI 40 | Principle 3 | AsR, GRI pp. 54–55 |
| Material Aspect: Assessment | | | | |
| G4-HR9 | Total number and percentage of operations that have been subject to human rights reviews or impact assessments | GRI 40 | Principle 1 | AsR, GRI pp. 54–55 |
| Material Aspect: Supplier Human Rights Assessment | | | | |
| G4-HR10 | Percentage of new suppliers that were screened using human rights criteria | GRI 41 | Principle 2 | AsR, GRI pp. 54–55 |
| Material Aspect: Human Rights Grievance Mechanisms | | | | |
| G4-HR12 | Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms | GRI 41 | Principle 1 | AsR, GRI pp. 54–55 |
| SOCIETY | | | | |
| Material Aspect: Local Communities | | | | |
| G4-S01 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | GRI 41 | Principle 1 | AsR, GRI pp. 54–55 |
| G4-S02 | Operations with significant actual and potential negative impacts on local communities | GRI 41 | Principle 1 | AsR, GRI pp. 54–55 |
| Material Aspect: Anti-corruption | | | | |
| G4-S03 | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified | GRI 42 | Principle 10 | AsR, GRI pp. 54–55 |
| G4-S04 | Communication and training on anti-corruption policies and procedures | GRI 42 | Principle 10 | AsR, GRI pp. 54–55 |
| G4-S05 | Confirmed incidents of corruption and actions taken | GRI 42 | Principle 10 | AsR, GRI pp. 54–55 |
| Material Aspect: Public Policy | | | | |
| G4-S06 | Total value of political contributions by country and recipient/beneficiary | GRI 42 | Principle 10 | AsR, GRI pp. 54–55 |
| Material Aspect: Anti-competitive Behavior | | | | |
| G4-S07 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | GRI 42 | | AsR, GRI pp. 54–55 |
| Material Aspect: Compliance | | | | |
| G4-S08 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | GRI 42 | | AsR, GRI pp. 54–55 |
| Material Aspect: Supplier Assessment for Impacts on Society | | | | |
| G4-S09 | Percentage of new suppliers that were screened using criteria for impacts on society | GRI 43 | | AsR, GRI pp. 54–55 |
| Material Aspect: Grievance Mechanisms for Impacts on Society | | | | |
| G4-S011 | Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms | GRI 43 | | AsR, GRI pp. 54–55 |

SPECIFIC STANDARD DISCLOSURES

| Performance indicators | | Location in the Annual Report (pp) | UN Global Compact Principles | External Assurance |
|--|---|------------------------------------|------------------------------|--------------------|
| PRODUCT RESPONSIBILITY | | | | |
| Material Aspect: Customer Health and Safety | | | | |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | GRI 44 | | AsR, GRI pp. 54–55 |
| G4-PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes | GRI 44 | | AsR, GRI pp. 54–55 |
| Material Aspect: Product and Service Labeling | | | | |
| G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements | GRI 44 | | AsR, GRI pp. 54–55 |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | GRI 45 | | AsR, GRI pp. 54–55 |
| Material Aspect: Marketing Communications | | | | |
| G4-PR6 | Sale of banned or disputed products | GRI 45 | | AsR, GRI pp. 54–55 |
| Material Aspect: Product compliance | | | | |
| G4-PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | GRI 45 | | AsR, GRI pp. 54–55 |