Report 2013

Kemira

Where water
meets chemistry™

Contents

Preparing for growth as a water pure-play

The year 2013 was an important milestone for us – we accomplished a significant repositioning of the company to become a profitable water pure-play. We sharpened our existing strategy, and made choices regarding the role of businesses, geographical reach, growth and innovation. All of the choices reflect and support our strategy. Kemira has a unique strategy to provide chemicals for businesses related to water quality and quantity management. We help our customers improve their water, energy and raw material efficiency.

Kemira's year 2013 was marked by launching the sharpened strategy followed by numerous actions to implement it. We divested several of our non-core businesses: our share in the Sachtleben joint venture, ChemSolutions' formic acid business and our coagulants business in Brazil. On the other hand, we acquired key polymer assets and competencies through the 3F acquisition as well as strengthened our position in the North American pulp and paper market by acquiring Soto industries. Towards the end of 2013, we also strengthened our asset footprint by finalizing our new Nanjing facility in China, and our Dormagen coagulant plant in Germany. These will help us to strengthen our position in the Chinese paper markets, and in sustaining our leadership position in the municipal and industrial water treatment market in EMEA.

EFFICIENCY IMPROVEMENTS REDUCING COMPLEXITY

We have worked hard on achieving a strong balance sheet and advancing towards the target profitability, and have made good progress due to a variety of efficiency measures. In 2012, we set a target of achieving EUR 60 million cost savings through the restructuring program Fit for Growth by the end of 2014, and we are progressing as planned. Fit for Growth measures have significantly reduced complexity, reduced our fixed cost base and strengthened our balance sheet in 2013. Beyond Fit for Growth, we improved our internal efficiency by establishing a Business Service Center in Gdansk, Poland in order to benefit from process harmonization and centralization. In addition, we implemented a new business model based on customer segmentation in Municipal & Industrial.

We also continued implementing the Lean management philosophy, which drives us towards a learning organization. Through a Lean culture, we strive for continuous improvement through processes efficiency and waste reduction – waste in this context meaning unnecessary resources, bureaucracy and unproductive time. Furthermore, the optimization of our manufacturing network resulted in 18 site and 2 production plant closures or divestments.

SALES VOLUME GROWTH AND IMPROVED PROFITABILITY

In 2013, our organic revenue growth reached 3%, driven by higher sales volumes in the Paper segment. In Oil & Mining, revenue in local currencies remained flat as recovered polymer sales volumes, especially in North America, were offset by continued market softness, which was specifically related to process chemicals used in the mining industry. The revenue of Municipal & Industrial was partly impacted by the implementation of a new business model, targeting to improve the segment's profitability. Our operative EBIT increased 6% in 2013 driven by higher sales volumes and fixed costs savings related to the "Fit for

Growth" restructuring program. Our operative ROCE (Return On Capital Employed) improved significantly to 11.9% (10.0%) during the year. In addition, we generated over EUR 200 million of cash flow from the operative activities and reduced net debt by some 15% to EUR 456 million (532).

Kemira will continue to focus on improving its profitability and reinforcing the positive cash flow. The company will also continue to invest in order to secure future growth in water quality and quantity management related businesses – a market where Kemira's R&D expertise provides differentiation capabilities. The need to increase operational efficiency in our customer industries creates opportunities for us to develop new products, and offer solutions for both existing and potential customers.

CORPORATE RESPONSIBILITY ADOPTED AS A CORE ELEMENT IN ALL AREAS OF BUSINESS

Corporate responsibility and transparency are vital for a global organization, which is also seen as increased stakeholder expectations. It has become an elemental part of our management discussions, touching upon all areas of business.

In September 2013, we reviewed our corporate responsibility focus areas by conducting a stakeholder survey, which was used as the basis for defining our future development areas. During the year, we also started to evaluate our corporate responsibility performance against set targets and reporting on the progress in quarterly interim reports, which increases the transparency and traceability of our efforts. We have also successfully developed our reporting according to international frameworks and standards, and achieved a top position this year in Carbon Disclosure Project's Nordic 260 Climate Disclosure Leadership Index. In addition, we decided to follow the Global Reporting Initiative's (GRI) G4 sustainability reporting guidelines as one of the first companies in Finland.

From a customer and product responsibility point of view, we have made good progress in creating even more sustainable products, which is increasingly a requirement from our customers. Furthermore, Kemira's products and solutions enable our customers to improve their own water, energy and raw material efficiency, which provides us with business opportunities as the environmental norms and standards continue to tighten globally.

As for Kemira, we follow the chemical industry legislation closely to stay on par with the most recent regulations, which is developing rapidly not only in the EU and North America, but in the emerging markets as well.

For 2014, we have revised our corporate responsibility targets and key performance indicators which will help us measure our progress and maintain our ambition for continuous improvement. We have set ourselves targets and KPIs for all defined focus areas, such as responsible business conduct, supply chain and our employees. This report provides insight into our progress on the defined focus areas as well as our commitment to creating shared value to our stakeholders.

FUTURE GROWTH ENABLED BY EMPLOYEE INPUT

From an organizational perspective, the repositioning of Kemira is now almost finished, and our concentration is once again turned on growth. However, achieving growth would not be possible without the invaluable input of our employees. It was a challenging year for all, bringing substantial changes. I would like to thank our employees of their great and dedicated contribution.

In addition to thanking all our employees, I would like to acknowledge our shareholders for their trust. Clearly, from a shareholder's perspective, we continue to be a reliable investment, and are striving to constantly increase our shareholder return. Our ambitious journey towards becoming an industry and technology leader in chosen target markets will continue also under the leadership of Kemira's next CEO, Jari Rosendahl.

Our business

Kemira is a global chemicals company serving customers in water-intensive industries. We provide expertise and chemicals that improve our customers' water, energy and raw material efficiency.

Kemira is a global company focusing on pulp & paper, oil & gas, mining and water treatment. Our objective is to achieve above-the-market growth through our competent employees, high-performing organization, product and service innovations and further strengthened presence in mature and selected emerging markets.

In 2013, Kemira had annual revenue of EUR 2,229 million and 4,453 employees. Headquartered in Helsinki, we have operations in approximately 40 countries and sales to more than 120 countries. Kemira shares are listed on the NASDAQ OMX Helsinki Stock Exchange.

KEMIRA'S SEGMENTS

Kemira's business is organized into three customer based segments operating in the Water Quality and Quantity Management (WQQM) market: Paper, Oil & Mining and Municipal & Industrial. In 2013, Kemira divested the core assets of its fourth segment ChemSolutions, and the closing is expected in the first quarter of 2014. After closing the transaction, the ChemSolutions segment will be discontinued.

Paper

Kemira's Paper segment has unique expertise in applying chemicals and supporting pulp & paper producers to innovate and constantly improve their operational efficiency. We develop and commercialize new products to fulfil customer needs and to ensure the leading portfolio of products and services for paper wet-end, focusing on growth especially in packaging and board as well as tissue. We leverage our strong pulp & paper application portfolio in North America and EMEA and increase focus on China, Indonesia and Brazil.

Kemira is a technology and market leader in paper wet-end chemistry. The demand for chemicals, especially sizing and strength chemicals, is growing, which is partly due to pulp and paper industry trends: increased use of recycled fibers, lightweighting of packaging and board and using hardwood instead of softwood in virgin pulp. Reducing water and energy consumption in production continues to be an industry trend, for which we can provide expertise and chemistry that improves the customers' process efficiency.

Oil & Mining

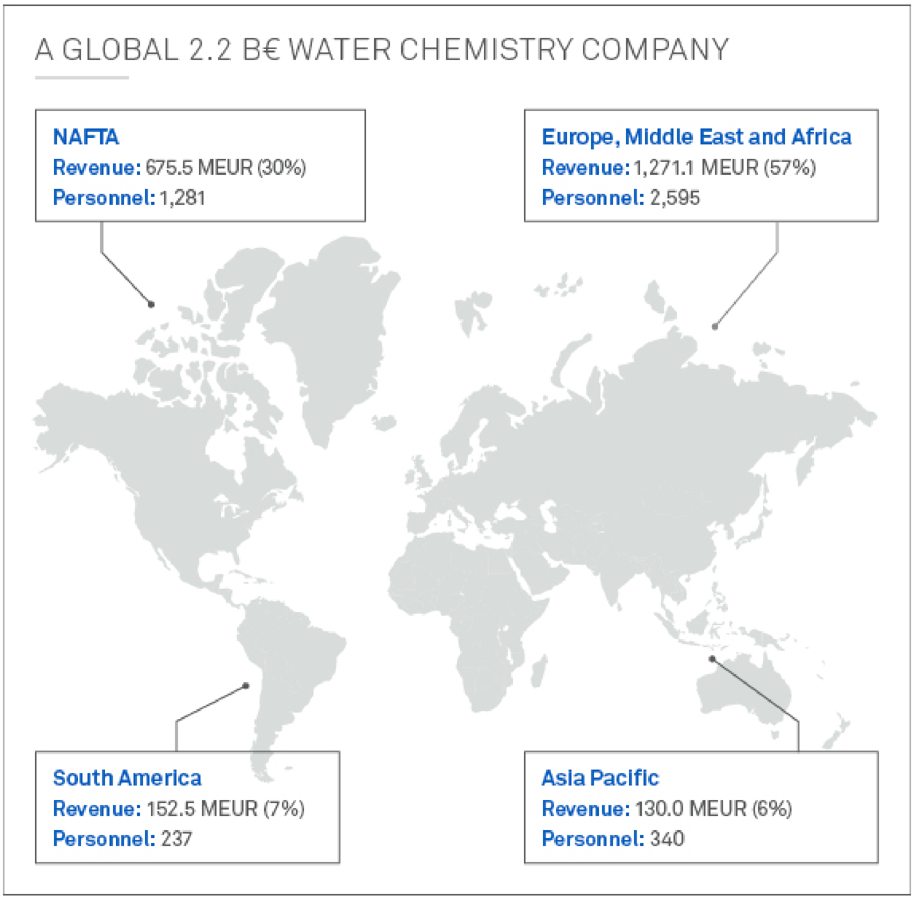
Kemira's Oil & Mining segment provides a unique combination of innovative chemicals and application knowledge that improves process efficiency and yield in oil, gas and metals recovery. We use our in-depth understanding of extraction processes to tailor solutions for water management and re-use. Expanding from our position in North America and EMEA, we continue to build a strong base for growth in selected countries in South America, Middle East and Africa.

We target growth across all our main differentiated product lines: high oil price spurres demand for identifying new sources, and increased wet and dry shale fracking increases demand for our polymer products, especially in North America. At the same time, declining ore assays require improved processing and the increasing environmental demands are accelerating demand for wastewater treatment.

Municipal & Industrial

Municipal & Industrial aims to be a leading water chemicals supplier for raw and waste water applications as well as for sludge treatment in EMEA and North America, and is capturing selected growth opportunities in the emerging markets. We enable our municipal and industrial customers to improve their water treatment efficiency by supplying them with competitive, high-performing products and value adding application support.

Kemira is a technology and market leader in raw and waste water as well as sludge treatment. Water reuse remains the most efficient solution to meet the increasing water demand, which is an important driver of business. The other main driver for raw, wastewater and sludge treatment chemicals is legislation and regulatory enforcements that determine the quality standards for treated water and sludge.



Note: As announced on January 30, 2014, Kemira's South America region will be consolidated into the North America region. The combined region will be renamed 'The Americas'.

Information about Kemira's R&D activities can be found in Our focus areas: Sustainable products and solutions.

Visit Kemira.com – Fennosan PFA, Kemira's microbiological control system for tissue paper making, was awarded at the Paper Industry Technical Association's innovation contest.

Visit Kemira.com – Kemira's Paper segment furnishes General Electric (GE) boiler and cooling water chemical product technologies to the pulp and paper industry.

Visit Kemira.com – Oil & Mining segment generates environmental benefits for customers through tailored solutions.

Visit Kemira.com – Municipal & Industrial segment's DesinFix chosen as the wastewater treatment solution in Berlin, Germany.

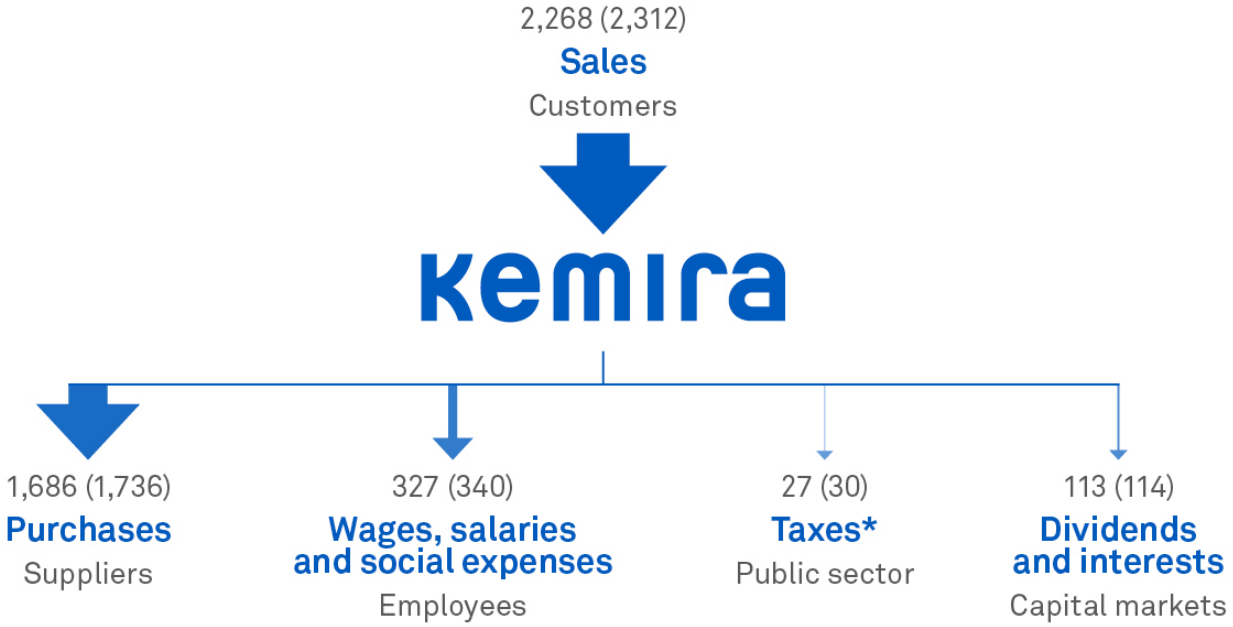
Economic responsibility

Sustainable organic growth, financial stability and target-oriented corporate responsibility work are the key elements in Kemira's management of economic responsibility.

Through all our operations we aim to secure Kemira's financial success and thus long-term value creation to our stakeholders. This can be achieved through implementing our long-term strategy, recognizing and managing risks and opportunities, as well as providing transparent information to our stakeholders.

VALUE DISTRIBUTED TO STAKEHOLDERS IN 2013

(EUR million)



* Income taxes paid.

Kemira's economic impact			
EUR million	2013	2012	2011
Customers • Income from customers on the basis of products and services sold, and financial income	2,267.8	2.312.1	2,192.0
Suppliers • Payments to suppliers of raw materials, goods and services	-1,686.2	-1,736.5	-1.654.0
Employees • Wages, salaries and social expenses	-327.1	-340.4	-299.3
Investors • Interest paid and financial expenses, dividends	-112.8	-113.8	-101.4
Taxes*	-26.5	-30.2	-37.4
Capital expenditure on maintenance and improvement	-65.3	-75.6	-184.3
Deficit/Surplus	49.9	15.6	-84.4
Income from divesting assets	192.9	29.5	138.7
Capital expenditure on expansion and acquisitions	-132.2	-58.5	-16.9
Repayment of capital • Repayment of loans (-) and new loans (+)	-128.8	-37.4	66.9
Purchase of non-controlling interests		0	-13.2
Net change in cash	-18.2	-50.8	91

* Income taxes paid

RESPONSIBILITY THROUGH TAX MANAGEMENT

Through our long-term strategic tax approach we aim at being a responsible corporate citizen in all of our operating countries. Our tax management culture is based on our corporate values, Code of Conduct (.pdf) and tax policies. Our objective is to contribute to the company's strategic development and growth by taking into account the uncertainty and effects of tax legislation and its interpretations. The tax approach is applied to Kemira Oyj as well as all its subsidiaries in which Kemira has over 50% direct or indirect interest. With our tax approach, we aim at achieving a fair balance between tax optimization and risk management. Our principle is to strictly follow local tax practices and legislation in all regions where we have a tax status. One of our tax management objectives is to communicate the general tax related principles within the company in order to harmonize our practices and working methods for tax planning, transfer pricing, tax compliance, tax reporting and documentation requirements in order to reach the most optimal tax position.

We do not operate in tax haven countries as defined by the OECD for taxation reasons. Our limited operations in tax havens are due to business reasons, e.g. raw material sourcing and key customer's locations.

Kemira's principle is to apply the arm's length transfer pricing principles according to OECD recommendations in all intra-group product, service, IPR and financing transactions.

Income taxes paid by region	
EMEA	68.9%
NA	27.7%
SA	2.1%
APAC	1.3%
Total	100%

Strategy

In April 2013, Kemira presented its sharpened strategy in conjunction with the new financial targets for 2016. We focus on seeking growth particularly in the pulp, paper, oil, gas, and mining industries by developing chemical products and innovations differentiating Kemira against the competition. By the end of 2020, Kemira aims to become a leader in the industry and technology in the chosen target markets. Our vision is to provide the most valuable expertise and chemicals for water-intensive industries, which is also crystallized in our promise, “Where water meets chemistry”.

Our strategy has four key focus areas; business focus, growth, geographical focus, and innovation.

Business focus: Kemira provides expertise and tailored combinations of chemicals for water-intensive industries. We focus on pulp & paper, oil & gas, mining and water treatment to improve our customers' water, energy and raw material efficiency.

Growth: Paper and Oil & Mining segments are targeting profitable, above-the-market revenue growth through differentiated product lines, e.g. polymers, sizing and other process chemicals. Municipal & Industrial segment focuses on profitability improvement and on maximizing cash flow generation. We increase the share of capital expenditure used for differentiated product lines in order to support the targeted growth. With commodity products, such as coagulants and bleaching chemicals, the focus is on maximizing profitability and cash flow.

Geographical focus: Mature markets continue to be important for all segments, whereas the focus in the emerging markets is on selective expansion. In the emerging markets, China and Indonesia are the key markets for the paper wet-end chemistry. Brazil and Uruguay will remain important markets for the bleaching chemicals used in the pulp industry. In addition to the mature markets, the Oil & Mining segment will focus largely on Argentina, Brazil and Middle East when it comes to oil and gas, and on Chile, Peru and Africa when it comes to mining. Municipal & Industrial remains mostly on the mature markets for the time being, but we monitor the development of legislation and business opportunities in the emerging markets closely.

Innovation: Research and Development is a critical enabler for organic growth in Kemira and provides differentiation capabilities in water quality and quantity markets. Kemira's R&D spend will be increased for process improvement innovations in paper, oil & gas and mining industries, as well as in the related product lines. We aim at achieving 10% of our revenue from innovation sales in 2016, that is sales from new products or products to new applications launched within the past five years.

Continuous efficiency improvement will remain the key enabler for a successful strategy implementation.

FROM REDESIGN TO EXPANSION

We have outlined a roadmap for our strategy “From redesign to expansion”. Naturally, the different phases overlap to a degree.

KEMIRA GROUP ROADMAP: FROM REDESIGN TO EXPANSION

2012–2013 Redesign	2013–2015 Focus	2015–2017 Accelerate	2017–2020 Expand
Building blocks for a high performing organization in place: Clear accountabilities, performance management system, process architecture	Establish a performance and innovation driven culture that fosters collaboration, learning and organizational agility	Build a strong employer brand to attract and retain leadership and expert talents	Best-in-class in its ability to leverage global performance culture, talents and operations
Reach target profitability by implementing “Fit for Growth”	Achieve a sustainable position in all target markets	Grow through new products & services and accelerate expansion in emerging markets	Be recognized industry and technology leader in chosen target markets

REDESIGN IN DEPTH

The redesign phase was largely completed by the end of 2013. One of the key elements of redesign phase was Fit for Growth. However, as a consequence of our strategy and the assessment of our future needs, we have taken additional efficiency measures and streamlined our business portfolio with several divestments, e.g. food & pharmaceutical businesses, formic acid, coagulants in Brazil and other smaller disposals of commodity product lines. The acquisition of 3F Chimica S.p.A., on the other hand, secures our position as a leading global polymer producer and accelerates our strategic plan. We have been focusing our capital allocation on growth markets and differentiated product lines.

We continued to optimize our manufacturing network by deciding to close down 18 sites and 2 product plants, including the sale of our coagulant business in Brazil and ChemSolutions. We also started to implement a Lean manufacturing culture to identify further efficiency improvement potential. In order to provide a unified service approach to our customers in Europe, we established a multifunction Business Center in Gdansk, Poland. Once the center is fully operational, the cost savings will be close to EUR 10 million. Last, but not least, we also implemented a Performance management system and new compensation structure for our employees.

Furthermore, achieving growth and expansion will not be possible without a performance driven organization and above all, its employees. To achieve the ultimate goal of being an industry leader, we are striving to be best-in-class in our ability to leverage global performance culture, talents and operations.

Visit Kemira.com – Kemira's sharpened strategy "From redesign to expansion" and financial targets for 2016 released in April 2013.

Visit Kemira.com – See Kemira's Capital Markets Day presentation from September, 2013.

KEY FIGURES 2013

	2013	2012
Revenue	2,229.1	2240.9
Operative EBIT	164.2	155.5
EBIT	42.6	33.1
Operative EBIT, %	7.4	6.9
EBIT, %	1.9	1.5
Profit before tax	2.5	28.6
Net profit attributable to owners of the parent	-31.6	17.7
EPS, EUR	-0.21	0.12
ROCE, % *	3.0	2.6
Cash flow after investments	195.7	71.8
Equity ratio, % at period-end	51	51
Gearing, % at period-end	41	42
Personnel at period-end	4,453	4,857

* 12-month rolling average (ROCE, % based on the reported EBIT).

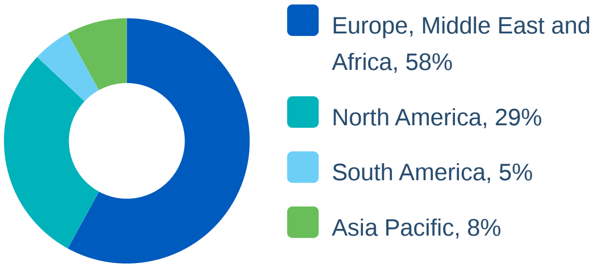
SEGMENT KEY FIGURES

EUR million	2013	2012
Paper		
Revenue	1,067.6	1,005.6
Operative EBIT	86.5	75.3
EBIT	45.7	44.7
Operative EBIT, %	8.1	7.5
EBIT, %	4.3	4.4
Capital expenditure	75.2	72.2
Cash flow after investments, excluding interest and taxes	55.9	8.1
Municipal & Industrial		
Revenue	659.4	686.6
Operative EBIT	45.8	39.2
EBIT	-23.4	-16.5

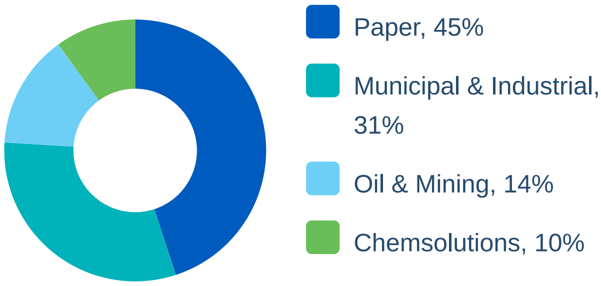
Operative EBIT, %	**6.9**	5.7
EBIT, %	**-3.6**	-2.4
Capital expenditure	**46.9**	31.7
Cash flow after investments, excluding interest and taxes	**36.7**	39.2
Oil & Mining		
Revenue	**311.5**	321.1
Operative EBIT	**17.4**	25.9
EBIT	**6.5**	14.2
Operative EBIT, %	**5.6**	8.1
EBIT, %	**2.1**	4.4
Capital expenditure*	**188.2**	177.7
Cash flow after investments, excluding interest and taxes	**-60.6**	-5.3
Chemsolutions		
Revenue	**190.6**	227.6
Operative EBIT	**14.5**	15.1
EBIT	**13.8**	-9.3
Operative EBIT, %	**7.6**	6.6
EBIT, %	**7.2**	-4.1
Capital employed*	**99.1**	192.6
Cash flow after investing activities	**82.3**	23.6

*12-month rolling average

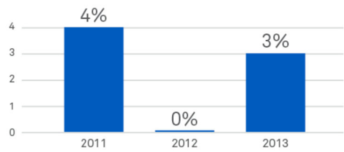
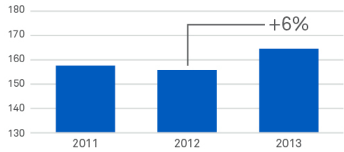
PERSONNEL BY REGION (%)

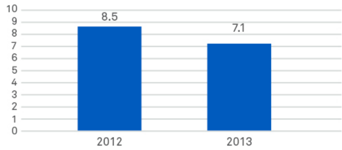
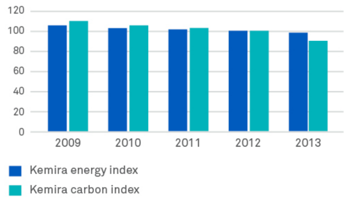


REVENUE BY SEGMENT (%)



Financial and corporate responsibility performance

Financial targets	Progress	Key achievements 2013
Organic revenue growth of 0%-5%	Met	Organic revenue growth, % 
>15% higher operative EBIT	Not met	Operative EBIT (EUR million) 
Gearing level <60%	Met	41% Gearing well below 60%
Corporate responsibility targets	**Progress**	**Key achievements 2013**
Suppliers		
Effective use of Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) in all relevant supplier relationships by the end of 2013	Met	36% of all suppliers have signed the CoC-SDA
Active Supplier Performance management program in place by the end of 2013	Met	29 Supplier performance evaluation process in place, 29 audits conducted in 2013
Employees		
All Kemira employees covered by Kemira Code of Conduct (CoC) training by the end of 2013	Met	90% of Kemira's employees trained for the new Code of Conduct in 2013
All Kemira employees covered by the global Performance Management process by the end of 2014	Underway	56% of Kemira's employees covered by Performance Management process
Every people manager participates in leadership development programs at least once every 3 years, first target period 2013–2015	Underway	39% of Kemira's people managers have participated in global leadership programs

Operations		
Achieve zero injuries	Underway	Total recordable injuries (per million working hours) 
Baseline analyzed and water efficiency program defined by the end of 2014	Underway	Data collected and analysis started
Baseline set and the energy efficiency index defined by the end of 2013	Met	Kemira Energy Index and Kemira Carbon Index 
Customers		
Sustainability and safety aspects considered in all New Product Development (NPD) projects by the end of 2014	Underway	100% of new projects apply sustainability check in Gate 1 92% of existing projects apply the sustainability check in Gates 2–4
Local Communities		
Each Kemira site with over 50 employees has participated in local community involvement initiatives at least once by the end of 2015	Underway	48% of sites over 50 people have participated in local community involvement initiatives

Corporate responsibility

Corporate responsibility reporting scope

The Corporate responsibility report 2013 provides basic information about Kemira's economic, environmental and social performance in the reporting period January 1 to December 31, 2013, unless otherwise stated.

The 2013 Corporate responsibility report is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Guidelines. The report is meant to be read in context with the other sections of the Kemira 2013 Report and the Kemira Group Financial Statements 2013. Financial reporting has been prepared in accordance with the International Financial Reporting Standards (IFRS).

The reporting boundary for activities within the Kemira organization is the same as for financial reporting, and the boundaries outside the organization relate to supply chain and to the indirect CO_2 emissions that are a consequence of Kemira's activities but occur from sources not owned or controlled by Kemira.

The content of the Corporate responsibility report was reviewed and approved by Kemira Board of Directors in February 2014. The content related to economic, environmental and social performance has been independently assessed by Deloitte against the GRI principles for defining report content and quality. Deloitte has checked Kemira's reporting according to the GRI G4 guidelines and confirmed it to be in accordance with the Core option.

EARLIER REPORTS

Kemira has been reporting on its environmental performance since the early 1990s. Until 2010, we used Responsible Care Reporting Guidelines of the European Chemical Industry Council (CEFIC) as a framework for reporting. The first report prepared according to the GRI reporting guidelines G3.1 was published in February 2012 and covered Kemira's sustainability performance in 2011.

The reports for years 2003–2012 are available on Kemira's website.

Our approach

At Kemira, the purpose of corporate responsibility is to understand, identify and manage the impacts of our activities on the environment and society. For us, corporate responsibility means being responsible in our own operations and contributing to sustainable development throughout our value chain.

Kemira aims to promote sustainable development including economic, environmental and social aspects. Our corporate responsibility management approach reflects the principles set out in the OECD Guidelines for Multinational Enterprises, a set of government-backed recommendations on responsible business conduct. Kemira is a signatory of Responsible Care, the voluntary initiative of the international chemical industry that drives continuous improvement in health, safety and environmental performance.

Sustainable development is a source of business opportunities for Kemira. Our strategy derives from global industry needs to produce more with less in a world where population growth and scarcity of resources set the standards for resource efficiency. With the help of our expertise and tailored combination of chemicals, our customers are able to improve their water, energy and raw material efficiency and thus reduce their own environmental impact. Kemira aims to develop and promote environmentally preferred products and solutions to its customers.

In addition to ensuring responsible business conduct in its own operations, Kemira expects its suppliers and other business partners to maintain the same high standards of operation. We have therefore introduced a Code of Conduct for Suppliers, Agents and Distributors, and we are focussing on further developing our supplier performance management approach.

PERFORMANCE IMPROVEMENT

At Kemira, corporate responsibility is managed through target-setting, which is the basis for continuous improvement. We set development and improvement targets for our responsibility focus areas, which are integrated into the operational management system. The focus areas have been defined through assessing our key stakeholders' expectations and impacts of our operations on value creation, society and the environment.

Corporate responsibility targets are approved by the Kemira Management Board. The Board of Directors is involved in discussing the responsibility targets and approves the corporate responsibility report.

Material topics for Kemira's corporate responsibility

Defining corporate responsibility topics material for Kemira is based on our stakeholder concerns and expectations and on assessing the impacts of our operations on the environment and society. The material topics are either a source of value creation or a business risk for Kemira. The topics and concerns most critical to our stakeholders are identified through various stakeholder engagement activities, including stakeholder surveys.

STAKEHOLDER SURVEY 2013 RESULTS

In September 2013, Kemira conducted a stakeholder survey to find out if the expectations towards our corporate responsibility had changed since the first survey in 2011. As a new method, the survey was carried out as virtual brainstorming, where the respondents were able to see what other participants consider important and develop the ideas further.

The survey results 2013 were mostly in line with the earlier survey results, emphasizing the importance of innovation, sustainable products and solutions, responsible business practices and responsibility in the supply chain.

Top 10 sustainability issues based on stakeholder survey in 2013	Sustainability focus areas from 2012				
	Suppliers	Employees	Own operations	Customers	Local communities
1. Product stewardship and safe use of chemicals				x	
2. Applying employee skills and know-how in the best possible way		x			
3. Sustainability in the whole supply chain	x				
4. Transparency in all operations	x	x	x	x	x
5. Business ethics and compliance	x	x	x	x	x
6. Sustainability in Kemira's own manufacturing operations			x		
7. Employee health and safety		x			
8. Innovating sustainable products and solutions				x	
9. Employee well-being enhances safety		x			

10. Open on-going dialogue needed with stakeholders	x	x	x	x	x

MATERIALITY ANALYSIS

In accordance with the GRI G4 Sustainability Reporting Guidelines, Kemira has based its corporate responsibility reporting on material aspects, that reflect the organization's significant economic, environmental and social impacts, or substantively influence the assessments and decisions of our stakeholders. The chart presents aspects material for Kemira, the criteria of which can be found in the GRI section Identified material aspects.

Based on the results we fine-tuned our corporate responsibility focus areas, targets and KPI's for 2014; The key focus areas remain the same, but we specified Responsible Business Practices as an independent focus area to emphasize its importance to our stakeholders. Each focus area covers a wider range of topics and updated targets.

PRIORITIZATION OF MATERIAL ASPECTS

In the online version you can observe Kemira's corporate responsibility focus areas and the respective targets by activating the symbols inside the circles.

In the matrix, individual aspects related to supplier assessment are combined into one, and the same has been done with the individual aspects related to grievance mechanisms as well as compliance.

Stakeholder engagement

The primary purpose of stakeholder engagement is to understand and identify topics material for our corporate responsibility. Different stakeholder groups vary in their expectations, and our job is to meet the expectations through developing our corporate responsibility work.

Stakeholder inclusiveness is one of the main drivers for further improving our corporate responsibility management.

EXAMPLES OF STAKEHOLDER BENEFITS CREATED THROUGH CORPORATE RESPONSIBILITY

Shareholders	Customers	Employees
Returning investment	Operational effectiveness – Total Cost of Ownership (TCO)	Employer of choice
Transparency	Reliable business partner	Employee safety, well-being & health
Reduced risk	Sustainable, innovative portfolio of products and solutions	Responsible labor practices and decent work
Sustainable development related growth opportunities	Brand value & reputation	Personnel development

Maintaining an active dialogue with our stakeholders enables us to manage risks and identify opportunities deriving from economic, environmental and social developments. Kemira actively engages with different stakeholder groups, such as shareholders, employees, customers, suppliers and local communities. We also maintain active dialogue with decision-makers, legislators, NGOs and the media.

KEMIRA'S STAKEHOLDER ENGAGEMENT

Kemira takes the concerns and expectations of stakeholders into account when setting targets and key performance indicators for corporate responsibility focus areas, and through open and regular reporting of the performance against set targets in interim financial reports and annual corporate responsibility report.

Key stakeholder groups	Basis for identification and selection of stakeholders	Our approach to stakeholder engagement	Key topics and concerns in 2013
Shareholders and investors	• Share of value creation to investors through dividends and interests payments • Investor expectations influence on value creation models and strategy	• Share of value creation to investors through dividends and interests payments • Over 500 Kemira shareholders in the Annual General Meeting • Capital Markets Day in London with almost 60 participants • Approximately 35 roadshow days and almost 250 individual meetings with portfolio managers and other representatives	• Potential risks and opportunities related to corporate responsibility issues, such as ◦ Product stewardship, hazardous substances and regulatory compliance ◦ Corporate governance, corruption ◦ Resource efficiency as a strategy driver ◦ Employee engagement ◦ Safety performance ◦ Supply chain sustainability • Organization's approach to corporate responsibility management
Customers	• Source of value creation to Kemira • Customer expectations and needs influence Kemira's product portfolio and service models	• We work with our customers to develop products and solutions that help them meet their sustainability needs, to improve their water, energy and raw material efficiency • Personal contact with customers • Customer seminars, e.g lake restoration	• Fulfilling the purpose stated in our sharpened strategy: improving customers' water, energy and raw material efficiency • Product stewardship • Business ethics and compliance, innovation
Employees	• Share of value creation to employees through salaries and payments • Employee well-being and capabilities influence our operational performance and value creation	• We receive feedback from employees through our annual Pulse change surveys and bi-annual Voices@Kemira survey • Personal development discussions twice a year • Kemira European Forum • Town hall meetings • Corporate responsibility brainstorming survey	• Voices@Kemira, participation rate 75% (2011: 84%) • Employee well-being, health and safety, decent work conditions • Business ethics and compliance • Innovative products and solutions

Other relevant stakeholder groups	Basis for identification and selection of stakeholders	Our approach to stakeholder engagement	Key topics and concerns in 2013
Suppliers	• Share of value creation to suppliers through payments for goods and services • Supplier responsibility and performance influence Kemira's value creation capability and reduce risk	• Code of Conduct for Suppliers, Distributors and Agents • We work closely with suppliers to ensure they maintain high standards of performance, and provide feedback to help them to improve their operations • Supplier performance evaluation program • Supplier audits	• Product stewardship and safe use of chemicals • Business ethics and compliance: Code of Conduct for Suppliers, Distributors and Agents signed and attached in new and revised purchase contracts

Local communities	• Share of value creation to society through tax payments and employment • Good environmental, health and safety performance has a high influence on the acceptance of local communities	• We collaborate with local people at major sites to understand and address the concerns they may have • Open house days • Cooperation with schools	• Safety, environmental, social and economic responsibility and impact • Transparency and continuous and open dialogue with the community
Government officials, decision-makers and opinion leaders	• Stakeholders with capability to influence or make political decisions on environmental issues, climate change, and chemical legislation	• We actively participate in the work of industrial trade associations and organizations. Kemira CEO is a member of CEFIC Board of Directors • We collaborate with selected non-profit organizations such as Baltic Sea Action Group • In selected cases we engage in active dialogue with government officials on national and EU level	• Phosphorus advocacy project to provide EU and national governments' institutes information on chemical waste water treatment and recovery and sustainable reuse of phosphorus • Publication of phosphorus position paper • Participation in the preparation of the Cefic paper "The Role of the Chemical Industry in Enabling Shale Gas in Europe" • Two completed projects based on Baltic Sea Action Summit 2010 commitments; nutrient recycling from wastewater sludge and technology development for removal of micropollutants from waste water effluents

Visit Kemira.com – Over 250 stakeholders took part in Kemira's virtual corporate responsibility brainstorming.

Visit Kemira.com – High disclosure score in Climate Disclosure Project signals thorough reporting on Kemira's carbon footprint, climate change and risk management.

Key activities in 2013

At Kemira, we have further developed our corporate responsibility in 2013, internally as well as externally. We have, for example, initiated a shared value project together with a key customer, published our first position statements on topics important for Kemira and included performance results against corporate responsibility targets in our interim reporting.

SUSTAINABILITY TARGETS

In 2013, we focused on reaching the first ever Kemira sustainability targets that were published in the Annual & Sustainability report 2012. Each sustainability target was assigned with a target owner, as well as a detailed roadmaps and planning to ensure the achieving of targets in due time.

We improved the communication of Kemira's performance against the set targets; the sustainability section in each Kemira Interim report in 2013 includes a summary of the key achievements regarding the sustainability target focus areas.

Based on the results of the target performance reporting in 2013, we can proudly conclude that we managed to reach the targets that were due to be accomplished by the end of 2013. We are also proceeding according to our roadmaps for achieving the longer-term targets set for 2014–2015.

SUSTAINABILITY KEY PERFORMANCE INDICATORS 2012–2013

Focus areas and targets	2013	2012
SUPPLIERS		
Target: Effective use of Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) in all relevant supplier relationships by the end of 2013		
• KPI: Supplier contracts with signed CoC-SDA as attachment, %	36%	-
Target: Active Supplier Performance management program in place by the end of 2013		
• KPI: Average performance of core suppliers (75% of spend), performance rate %	94%	96%
• KPI: Share of reviewed suppliers under certain performance level (corrective actions agreed), %	11%	14%
• KPI: Number of supplier audits per year	29	-
EMPLOYEES		
Target: All Kemira employees covered by Kemira Code of Conduct (CoC) training by the end of 2013		
• KPI: Kemira employees completed Kemira CoC training, %	90%[1]	
Target: All Kemira employees covered by the global Performance Management process by the end of 2014		
• KPI: Kemira employees covered by the global Performance Management process, %	56%[2]	55%
Target: Every people manager participates in leadership development programs at least once every 3 years, first target period 2013–2015		
• KPI: People managers covered by global leadership programs, cumulative %	39%	20%[3]

OPERATIONS		
Target: Achieve zero accidents		
• KPI: Total Recordable Injuries (TRI) employees and contractors, 1 year rolling average	7.1	8.5
Target: Baseline analyzed and water efficiency program defined by the end of 2014		
• KPI: To be defined by the end of 2014	on-going	-
Target: Baseline set and the energy efficiency index defined by the end of 2013		
• KPI: To be defined by the end of 2013	EEI[4] defined	-
CUSTOMERS		
Target: Sustainability and safety aspects considered in all New Product Development (NPD) projects by the end of 2014		•
• KPI: All new projects apply the sustainability check in Gate 1, %	100%	-
• KPI: Existing projects apply the sustainability check in Gates 2–4, %	92%	-
LOCAL COMMUNITIES		
Target: Each Kemira site with over 50 employees has participated in local community involvement initiatives at least once by the end of 2015		
• KPI: Kemira sites (over 50 employees) with local community initiatives, cumulative %	48%	38%[3]

[1] Active employees, excluding employees who are in the scope of divested businesses

[2] All white collars are covered by the global Performance Management process

[3] 2012 Annual result

[4] EEI = Energy Efficiency Index

Kemira's sustainability target-setting was evaluated in the second half of 2013 with a help of a stakeholder brainstorming survey. The results of the stakeholder brainstorming survey have been incorporated in our updated corporate responsibility focus areas and targets for 2014.

EXTERNAL SUSTAINABILITY RATINGS AND INDICES

Partly as a response to the feedback from our stakeholders, year 2013 saw an improvement in Kemira's visibility in the external sustainability ratings and indices.

Kemira achieved for the first time a top position in CDP's Nordic 260 Climate Disclosure Leadership Index (CDLI). Kemira achieved an excellent score of 96B (75C in 2012). A high disclosure score 96/100 signals that Kemira has provided comprehensive information about the measurement and management of its carbon footprint, its climate change strategy and risk management processes and outcomes. The performance score was upgraded from C to B which reflects the improvement in actions on climate change mitigation, adaptation and transparency.

Kemira was also invited to respond to the Dow Jones Sustainability Index (DJSI) Sustainability assessment for the first time in 2013. Unfortunately our performance did not qualify us to be included in the DJSI indexes or in the RobecoSAM Sustainability Yearbook. The feedback gained through the process certainly helps us to identify our strengths within corporate responsibility management, but also where further improvement is needed. As an example, we identified aspects within social responsibility such as human rights and product stewardship management, where further work is required to bring us at par with our well established management practices in environmental responsibility.

SHARED VALUE THROUGH WATER STEWARDSHIP

Kemira initiated a three-year water stewardship project with our key customer Stora Enso in Guangxi, Southern China. The project "Creating Shared Value through Water

Stewardship in Guangxi" targets to promote responsible water management and community engagement in the Guangxi Province in Southern China, where Stora Enso leases 90,000 hectares of land and manages eucalyptus tree plantations. The project aims to find new solutions for responsible water management through stakeholder surveys, community work and water-related capacity building.

The project will create shared value by improving Stora Enso's tree plantations operations, and by strengthening Kemira's role as the water management solutions provider for the paper industry and for local communities, as well as bringing new know-how and better water management tools to local communities.

SUSTAINABLE RECOVERY AND REUSE OF PHOSPHORUS

The consultative communication launched by the European Commission in July 2013 on the sustainable use of phosphorus triggered Kemira to conduct an active advocacy program during 2013. Kemira has technologies and extensive know-how for sustainable recovery and reuse of phosphorus, which is one of the vital building blocks for life, essential for animal feed and food production, yet the main source of eutrophication in the European surface waters, and the supplies are almost non-existent in Europe.

In addition to responding to the European Commission's consultative communication, Kemira published a position paper on sustainable recovery and reuse of phosphorus. We also conducted an advocacy contact program with key decision-makers and opinion leaders for underlining the importance of chemical recovery of phosphorus from wastewater and recycling back to agriculture, and how the use of coagulants to capture phosphorus is essential to meet EU policy goals from an environmental, economic, energy efficiency, employment and supply security perspective.

Our focus areas

Our corporate responsibility focus areas and targets have been adjusted based on Kemira's sharpened strategy presented in April 2013 and on the stakeholder survey results in autumn 2013. The results of the stakeholder survey indicated growing importance of business ethics and compliance, product stewardship, responsibility in the supply chain as well as transparency of our operations to our stakeholders. To address this, we have singled out Responsible business practices as its own focus area. Otherwise the corporate responsibility focus areas identified earlier remain valid.

New and revised targets within our focus areas include establishing the Kemira Compliance program, climate change target, as well as employee engagement target based on the Voices@Kemira survey results.

The revised corporate responsibility targets were accepted by Kemira's Management Board in January 2014. Kemira's performance against targets in 2013 can be found in the section Key activities in 2013.

Kemira's corporate responsibility focus areas and key performance indicators (KPI) 2014				
Focus area	Topic	KPI	KPI target value	New KPI
Responsible business practices	Kemira Compliance Program	Kemira Compliance program established	Established by the end of 2014	X
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	
	Supplier sustainability assessment	Number of core, strategic and critical suppliers covered by supplier sustainability assessment	45 by the end of 2014	
Responsibility for employees	Occupational health and safety	Number of Total Recordable Injuries (TRI) (per million hours, Kemira + contractor, 1 year rolling average)	Achieve zero injuries	
	Performance management	Kemira employees covered by the global Performance Management process, %	> 95% by the end of 2014	
	Leadership development	People managers participated in global leadership programs at least once in period 2013–2015, cumulative %	> 95% by the end of 2015	
	Employee engagement	Employee engagement index, %	Employee engagement index at or above the external industry norm by the end of 2015	X
		Participation rate in Voices@Kemira, %	75–85% by the end of 2015	X
Responsible manufacturing	Water efficiency	Baseline analyzed and water efficiency program defined	By the end of 2014	
	Climate change	Kemira Carbon Index performance	Kemira Carbon Index ≤ 80 by the end of 2020 (baseline year 2012 = 100)	X
Sustainable products and solutions	Sustainability aspects in New Product Development (NPD) process	New NPD projects apply the sustainability check in Gate 1, %	100% by the end of 2014	
		Existing NPD projects apply the sustainability check in Gates 2–4, %	100% by the end of 2014	
Responsibility towards the local communities where we operate	Participation in local community involvement initiatives	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	

Responsible business practices

The Kemira Code of Conduct defines our way of working and affects all employees regardless of status or geographical location.

In a global company a common set of practices is a valuable tool in ensuring responsible business behavior, as working cultures and even local legislation may differ greatly from country to country. The Kemira Code of Conduct (.pdf) sets guidelines for all aspects of business conduct, and acts as a framework for ensuring that our employees comply with Kemira's values and the principles set out in the OECD Guidelines for Multinational Enterprises.

STRONG COMMITMENT TO RESPONSIBLE BUSINESS BEHAVIOR

The revised Code of Conduct was approved by the Board of Directors in December 2012, and its implementation began in the beginning of 2013. The revised Code is a signal of stronger requirement for compliance and ethics. Based on the internal control survey participated by representatives of the audit committee, senior and line management during 2013, the management has shown diligent compliance to Kemira Code of Conduct .

CODE OF CONDUCT TRAINING

All Kemira employees are expected to comply with the Code of Conduct principles in their daily work. Kemira set a responsibility target in 2012 that all employees are trained for the Code of Conduct during 2013. The objective of the training is to raise awareness of the Code's requirements and the means of reporting about non-conformities.

During 2013, 90% of our active personnel (excluding employees who are in the scope of divested businesses) received training either via interactive e-learning tool or on-site classroom training organized in collaboration with site management and local HR and legal functions. The remaining personnel will receive training in 2014. Additionally, all new employees will receive training as part of the induction process, and all personnel will be invited to repeat training on the Code on a regular basis.

We also published a Code of Conduct booklet, which has been printed in 17 languages and distributed to all our employees. The booklet is also available for our stakeholders.

KEMIRA POLICIES COMPLEMENT THE CODE OF CONDUCT

Kemira's internal policies guide our employees regarding the commitments and expectations we have as a company. Our work in 2013 has concentrated on revising existing policies as well as creating new ones.

Anti-bribery rules have been made more explicit through Kemira Group Gifts, Entertainment and Anti-bribery Policy effective since January 2013, which has resulted in increased awareness towards such things as acceptable business gifts.

Competition Law Compliance Policy training was completed by 730 people in 2013 (2012: 751). This policy is communicated to the senior management and key persons working in sales, marketing, sourcing, procurement and other similar functions through a comprehensive, ongoing, and regularly repeated training process. Please see a list of relevant Kemira Policies in the Disclosures on Management Approach section of the GRI report.

KEMIRA ETHICS AND COMPLIANCE HOTLINE

The Ethics and Compliance's role within the Legal function became operational in 2013, focusing on coordinating and developing the company's compliance activities and promoting the principles of ethical business behavior. In addition to the Code of Conduct training program, we also launched the Kemira Ethics & Compliance Hotline.

The hotline is a 24/7 service for employees to report anonymously any non-conformities of law or the Code either by calling the hotline or filling out a web form. 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.

For external enquiries and reporting on potential misconducts with respect to Kemira or its business partners, sustainability@kemira.com can be contacted. This information is available in the Kemira Code of Conduct for Suppliers, Agents and Distributors in addition to Kemira's website.

GRI Please see complementary specific standard disclosures material for the focus area in the GRI report sections Ethics and integrity and Responsible business practices.

Responsible supply chain

Kemira expects business integrity from its suppliers and strives for supply chain responsibility through careful selection of suppliers, performance evaluation and auditing.

Kemira's supply chain management is responsible for end-to-end sourcing process from supplier identification to customer service. The vision is to become world-class in supply chain management and to provide value-added service to our business segments with optimal efficiency.

In 2012, Kemira set sustainability targets for our supplier relations. We initiated a supplier performance evaluation program and implemented the Code of Conduct for suppliers, distributors and agent (.pdf) (CoC-SDA) in all relevant supplier relationships.

DISCIPLINED MANAGEMENT OF SUPPLIER RELATIONS

Supplier relations management is built on three pillars; supplier selection, commitment to responsible business conduct, and performance evaluation. We have sharpened our supplier selection process, and expect cost-competitiveness, short-term operational excellence and long-term business stability from our suppliers.

EACH SUPPLIER IS EXPECTED TO SIGN KEMIRA'S CODE OF CONDUCT FOR SUPPLIERS, DISTRIBUTORS AND AGENTS

The CoC-SDA sets requirements for different aspects of corporate responsibility, for example responsible business conduct, respect for human rights and environmental responsibility. By the end of 2013, 36% of Kemira's current suppliers have signed the CoC-SDA.

To ensure the suppliers' commitment towards the CoC-SDA, regular supplier audits are conducted. For non-compliance or unwillingness to sign the CoC-SDA, the supplier relationship may be reconsidered.

SUPPLIER PERFORMANCE EVALUATED AND AUDITED

In 2013, we developed our supplier performance evaluation program by defining the evaluation criteria. The evaluation covers multiple aspects of the supplier's operations, and the threshold performance rate is 80%. For our core suppliers, we aim to keep the average performance level at minimum of 96%, and in 2013, performance rate was 94%.

Those suppliers not able to reach the threshold need to present a detailed corrective action plan to meet the requirements. In 2013, 11% of the reviewed suppliers did not reach the given performance level, and we have agreed upon corrective actions with them.

Kemira has also initiated a supplier assessment process as part of the supplier performance evaluation. A specific assessment of the most risky and critical vendors is made by assessing the supply risk, business impact, market availability, and various sustainability topics gathered. The assessment is conducted through a questionnaire that was piloted and fine-tuned in 2013. During the year, 29 suppliers were audited.

Kemira's supplier base:

- 650 raw material suppliers
- 100 core suppliers, making up approximately 80% of the spend
- About 10,000 suppliers in total
- Geographical split: 85% of suppliers are from EMEA and North America regions

MITIGATING THE IMPACTS OF TRANSPORTATION

Safety and environmental aspects are important for managing the sustainability of transportation. Kemira holds regular safety discussions with its logistics service providers and inspects accidents and near misses carefully. Transport safety managers from EHSQ meet twice a year to discuss occurred accidents and other safety issues on a global scale.

In 2013, we have calculated the greenhouse gas emissions of our transport activities for the first time. Further details can be found in the GRI report, indicator G4-EN30.

In Europe, all of our logistics partners are required to use Euro 4 compliant transport equipment, and Euro 5 requirements will become timely from the beginning of 2015. These Euro standards set limits for pollutant emissions caused by road vehicles. Using Euro 4 and 5 compliant vehicles reduces emissions from transportation in Kemira's value chain, and thus decreases our environmental impact.

During 2013 we have cut down the number of our logistics service providers to ensure cooperation with the best possible partners. Fewer partners facilitate the management of logistics sourcing as well as the negotiation with suppliers on safety and environmental requirements.

GRI Please see complementary specific standard disclosures material for the focus area in the GRI report section Responsible supply chain.

Responsibility for employees

Employees are Kemira's key asset. Our Human Resources work is guided by the Kemira Code of Conduct and our company values:

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

Our Human Resources function ensures having the necessary know-how, strong leaders and engaged people to successfully execute our company strategy. To implement the sharpened strategy launched in April 2013, we initiated an active dialogue across all our segments and regions, top-down and bottom-up, which was accomplished through various local and virtual workshops. At individual level, the strategy roll-out was done via personal development discussions.

The organizational restructuring initiated in 2012, as well as the sharpened strategy, have influenced the focus of our Human Resources activities during 2013. The sharpening of the strategy has led to changes in the organization and, unfortunately, resulted in job reductions.

In 2013 we continued to focus on developing our global Performance Management process and Leadership Development programs further, for which we have also set corporate responsibility targets.

VOICES@KEMIRA SURVEY MEASURES EMPLOYEE ENGAGEMENT

The biannual Voices@Kemira employee engagement survey was conducted in the fall of 2013. The survey results are a valuable source for gathering employee feedback and further develop our ways of working accordingly. The survey focuses on employee engagement; which factors motivate Kemira employees to succeed. Other important themes include growth and development, performance management, leadership and strategy, corporate responsibility, collaboration and communication, as well as values based culture.

Employee engagement	2013	2011	2009
Employee engagement index, %	58	70	69
Data coverage, % of total employees	75	84	87

In 2013, the survey response rate (75%) and the engagement index (58%) were weaker than in the previous survey in 2011. During 2013, including the time when the survey was conducted, Kemira was implementing organizational restructuring measures and was in the middle of related negotiations, which is presumably one of the reasons for a lower response rate and engagement index.

According to the results, Kemira's strengths lie especially on managerial work, and employees find their jobs challenging and interesting with the possibility for career development. We will continue to focus on developing learning and career opportunities for our employees. On the other hand, accountability for low performance was recognized as a development area. This will be addressed through a global performance management process during 2014. Other key focus areas include further communicating Kemira's strategy and its significance to teams and individuals, engaging our employees in the future of the company, as well as enhancing our leadership development portfolio.

GRI Please see complementary specific standard disclosures material for the focus area in the GRI report sections Organizational profile and Responsibility for employees.

Performance management and leadership development

One of Kemira's corporate responsibility targets is to have all employees covered by the global Performance Management process by the end of 2014.

Performance and development discussions (PDD) are an important element of Performance Management process, and according to Voices@Kemira employee survey results, the engagement rate is higher among employees that have had their PDDs with their managers. During 2013 we started extending the amount of employees covered by PDDs, and focused on defining and preparing the PDD process and compiling a model for data collection and consistent reporting. In 2013, the global performance and development discussions covered all white collar employees (56% of all our employees). We aim at achieving the target to cover all employees in 2014, when the PDD process will be introduced for all blue-collar employees on our manufacturing sites.

LEADERSHIP DEVELOPMENT THROUGH TRAINING PROGRAMS

Good managers lead through their own strengths. In 2013, we focused on managers' personal development and leadership skills. As a new element to our leadership development portfolio we have included improving managers' self-awareness and self-leadership, which helps in recognizing your own strengths and how to lead through your persona. During 2013 we conducted a leadership assessment to ca. 200 of our leaders, on which we will base individual leadership related development plans.

On-the-job-learning is one of the most effective methods for developing leadership skills. Other tools include Kemira's leadership development programs, such as the BRIDGE and Catalyst leadership programs, which continued in 2013. Catalyst is meant for leaders who want to build up skills for strategy execution, and BRIDGE focuses on foundational leadership skills for first level leaders, such as supervisors and team leaders. We also offer coaching and mentoring, as well as 360 feedback on leadership skills. By the end of the year, 39% of our leaders had participated in one of our globally offered development programs. By end of 2015 we aim to have covered 95 % of leaders respectively.

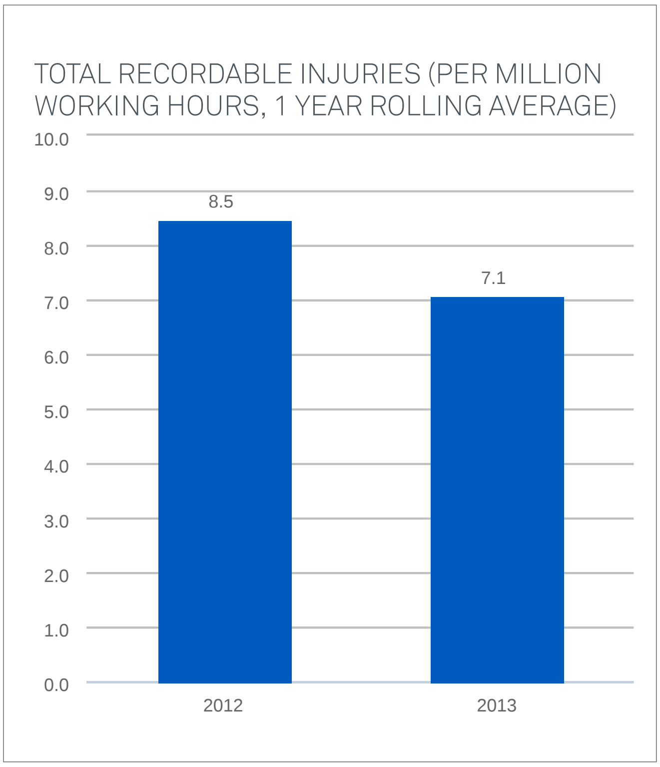
GRI Please see complementary specific standard disclosures material for the focus area in the GRI report section Responsibility for employees.

Safety at workplace

Kemira's new EHSQ vision states: Zero harm to people. Decreased injury rate and proactive reporting observations on potential safety issues are signs of continuous improvement in our safety culture.

By deciding to report TRI (Total Recordable Injuries per million work hours) in 2012 instead of the formerly reported LTA (Lost Time Accident), we set ourselves stricter demands concerning workplace safety both for own employees and contractors working at Kemira sites. The currently reported TRI frequency includes fatalities, lost time injuries, restricted work cases and medical treatment cases of both Kemira employees and contractors working for Kemira.

Our long-term target is to achieve zero injuries, and we are making good progress. Since 2012, the TRI is reduced from 8.5 injuries per million working hours to 7.1 in 2013.



RAISED AWARENESS AND REGULAR TRAINING PRODUCES RESULTS

The improved TRI frequency is mostly due to increased safety observation reporting and increased awareness – people think and talk about health and safety more frequently.

As part of our EHSQ improvement strategy initiated in April 2013, we have created a new EHSQ vision, a new EHSQ policy and are now introducing new EHS standards that increase both safety culture and performance at our sites, offices and functions.

Responsible manufacturing

Ensuring the safety of our operations, improving energy and water efficiency and reducing CO_2 emissions are the most important responsibility topics in our manufacturing.

Commitment towards continuous improvement in our own production is seen in the corporate responsibility targets set for manufacturing, our management system certification to ISO standards and in the Lean initiative. A lean organization understands customer value and focuses its key processes on continuously increasing it. The goal is to provide value to the customer through a perfect value creation process that contains zero waste. Waste in this case means unnecessary extra resources, bureaucracy and time. The Lean manufacturing model is based on the creation of value for customers, which entails optimizing value chains and flow of information, improving production efficiency and increasing production responsibility.

SAFETY AT MANUFACTURING SITES

In 2013, we introduced a new EHSQ strategy for Kemira, which includes a new vision, policy, internal targets and a strategic roadmap to becoming world-class in EHSQ. The focus during the year was on introducing and renewing our internal EHS standards and this work will continue in year 2014. The new standards to improve workplace safety include Incident reporting, Incident investigation and Personal protective equipment standards.

During the past year we have also worked on building a new process safety standard and ten other EHS related standards as part of the EHSQ improvement program. Implementation of these new standard will continue in 2014, along with leadership development.

EHSQ VISION

ZERO ENVIRONMENTAL HARM
Through environmental excellence

ZERO HARM TO PEOPLE
Through health & safety excellence

CUSTOMER SATISFACTION
Through operational excellence

MANAGING THE ENVIRONMENTAL IMPACTS OF THE MANUFACTURING OPERATIONS

Kemira conducts environmental impact assessments and emission monitoring in every manufacturing site as defined by the regulatory requirements, ISO 14001 management system and Kemira internal standards. The assessments monitor environmental performance of the site and its impact on the surrounding communities.

Each Kemira site is classified for actual and potential negative impacts of operations. A new three-level ranking system determines the internal Kemira requirements and frequency of audits for each site; higher ranking meaning higher requirements.

Environmental classification results 2013:

- High ranking sites: 29%
- Medium ranking sites: 27%
- Low ranking sites: 44%

We take preventive actions and mitigation measures proactively for the operations that involve potential negative impacts on the local communities.

GRI Please see complementary specific standard disclosures material for the focus area in the GRI report sections Responsible manufacturing.

Visit Kemira.com - Lean manufacturing optimizes value chains and flow of information, creating value for customers.

Energy efficiency & climate change

Striving for energy efficiency in manufacturing offers both environmental and economic benefits by reducing emissions and lowering manufacturing costs. We initiated an Energy Efficiency Enhancement E3 program in 2010 for identification and implementation of energy reduction potential at manufacturing sites.

The potential energy efficiency projects were identified by conducting regular energy audits at manufacturing sites. The manufacturing sites representing 94% of our energy use have now been audited. In 2013, the focus has been on the implementation of improvement projects, and in conducting follow-up audits. Total of 388 improvement projects have now been completed at 26 sites, generating annually 174,000 MWh energy reductions and EUR 7 million cost savings since 2010. Six sites have now completed all of the identified improvement projects.

IMPROVING ENERGY EFFICIENCY

Choices for energy efficiency improvement may include simple adjustments in operating methods, increased process efficiency, or more advanced solutions, such as utilizing waste heat in the local communities nearby Kemira's operations. As an example, in the Rotterdam site in the Netherlands, introduction of variable speed drives was a significant energy efficiency driver, and in the Krems site in Austria, optimization of steam usage generated considerable energy reductions. Follow-up audits at manufacturing sites have generated a collection of best practices which will be used across the organization where applicable.

KEMIRA ENERGY BALANCE

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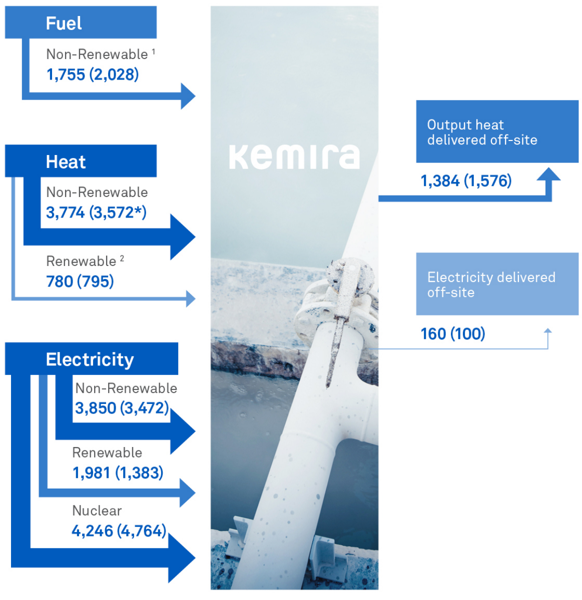
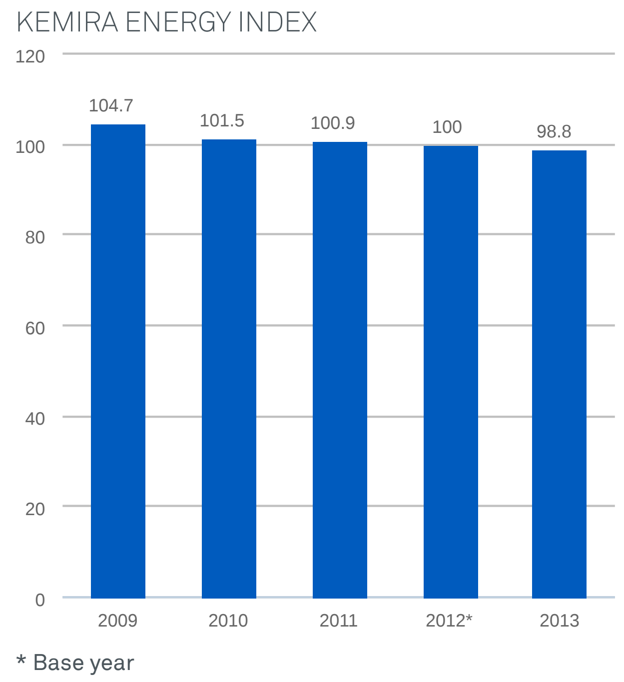


[1] **Non-renewable energy sources:** coal, natural gas, oil and by-product hydrogen.
[2] **Renewable energy sources:** solar, wind, ocean, hydropower, biomass, geothermal resources, biofuels, and hydrogen derived from renewable resources.

* Data corrected due to more comprehensive data available in 2013

ENERGY EFFICIENCY INDEX TOOL DEFINED TO MEASURE PROGRESS

In 2013 we have defined the Kemira Energy Efficiency Index (EEI) to measure the company's energy efficiency in manufacturing operations. The Energy Efficiency Index is the sum of site specific measures. The index is calculated individually for major sites that cover > 90% of Kemira's total energy use, and site specific indexes are consolidated to form the Kemira EEI Index. The index is not dependent on 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 on the actual improvements we have achieved.



SUMMARY OF ENERGY INDICATORS

	GRI-G4 indicator	2013	2012	2011	2010	2009
Purchased energy						
Fuel consumption, ktoe		42	49	56	54	54
Fuel consumption as raw material, ktoe		120	114	121	116	105
Purchased electricity, TJ		10,077	9,620	10,657	10,346	9,718
Purchased heat, TJ		4,553	4367*	4,814	4,726	4,327
Purchased energy by primary sources, TJ[1]		29,487	29,284	32,122		
Energy balance						
Purchased fuel as energy source, TJ	EN3a-b	1,755	2,028	2,345	2,261	2,261
Purchased electricity, TJ	EN3c	10,077	9,620	10,657	10,346	9,718
Purchased heat, TJ	EN3c	4,553	4367*	4814*	4,726	4,327
Total energy purchased, TJ	EN3c	16,386	16,015	17,816	17,333	16,306
Total energy sold	EN3d	1,544	1,676	1,859		
Total energy consumption, TJ	EN3e	14,842	14,339	15,957		
Energy intensity[2]						

Energy intensity, TJ/ton	EN4	0.00314	0.00306	0.00325
Reduction of energy consumption[3]				
Change in energy consumption, TJ	EN5	503	-1,618	

* Data corrected due to more comprehensive data available in 2013.

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 compumption 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 publishded on production efficiencies by energy source, expert estimates have been made based on historical data.

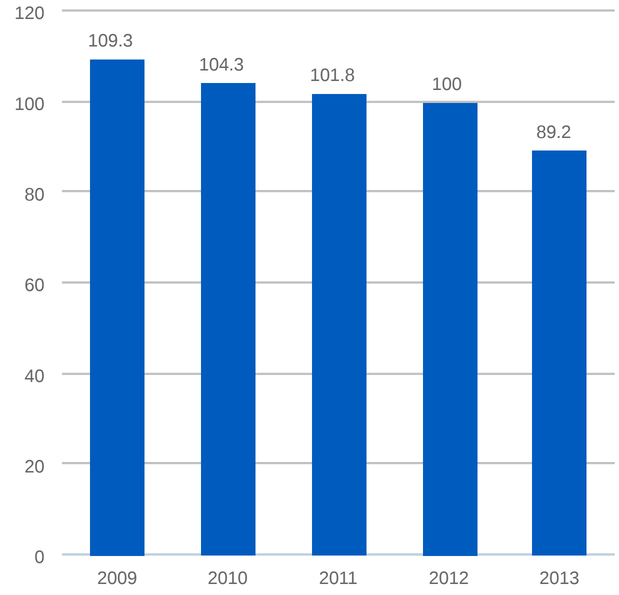
CLIMATE CHANGE

Limiting climate change will require substantial and sustained reductions of greenhouse gas emissions. The 5th report of The Intergovernmental Panel on Climate Change (published in 2013) is expected to increase political pressure for a higher ambition level. There is also an ongoing active discussion in the EU regarding the EU 2030 climate and energy policy framework. Kemira is carefully following the public discussion on energy and climate policy development for anticipating the potential implications on our operations.

In 2013 Kemira defined the Kemira Carbon Index to monitor our CO_2 performance from both consolidated and individual manufacturing site perspective. The Kemira Carbon Index covers CO_2 emissions of Scope 1 and Scope 2 excluding direct emissions from chemical processing, and is not dependent on production structure, production mix or volumes.

Based on our work to define the Kemira Energy Efficiency and Carbon Indices, the results from the E3 energy efficiency enhancement program, and considerations about stronger political pressure on reducing CO_2 emissions, Kemira has decided to set a long-term target for CO_2 emission intensity from our manufacturing operations. The target is to reduce the value of the Kemira Carbon Index to or below 80 by the end of 2020, in comparison to the Carbon Index value of 100 in baseline year 2012.

KEMIRA CARBON INDEX (INCLUDES SCOPE 1 AND SCOPE 2 EMISSIONS)



SUMMARY OF GREENHOUSE GAS EMISSION INDICATORS

	GRI-G4 indicator	2013*	2012	2011	2010	2009
Releases into air, CO^2eq 1,000 tonnes						
Direct greenhouse gas emissions (Scope 1)[1]	EN-15	133	147	180	182	186
Indirect greenhouse gas emissions (Scope 2)[2]	EN-16	904	950	1054		
Other indirect greenhouse gas emissions (Scope 3)[3]	EN-17	2,696	2,677			
Total greenhouse gas emissions[4]		3,734	3,774			
Greenhouse gas emissions intensity per 1000 tons of production[5]	EN-18	0.787	0.800			
Change in greenhouse gas emissions[6]	EN-19	-40				

*In 2013, all greenhouse gases are included in the calculation. In previous years, only CO^2 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 emission are calculated as CO^2 equivalents which includes CO^2, 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.

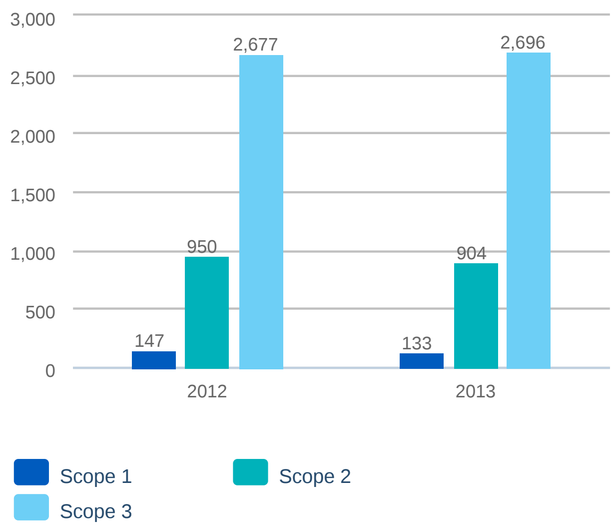
3 Greenhouse gas emissions from Kemira's value chain (Scope 3 of WRI/ WBCSD GHG Protocol). The calculation is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and a supporting guidance document Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain. Scope 3 emissions have been calculated since 2012.GHG emission are calculated as CO^2 equivalents which incluldes CO^2, CH^4, N_2O, 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

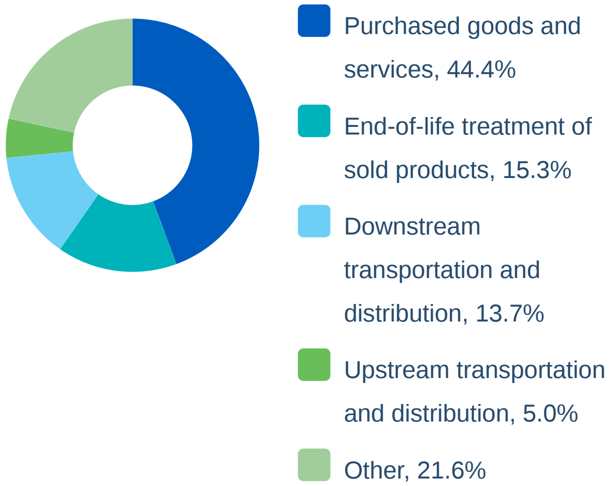
5 Kemira has calculated the GHG emissions intensity ration per production volume (1000 tons).Direct GHG emissions (Scope 1), indirect GHG emissions from energy consumption (Scope 2) and other indirect GHG emissions (Scope 3) are included.

6 Reduction of Scope 1, Scope 2 and Scope 3 GHG emissions have been calculated for 2013.

GREENHOUSE GAS EMISSIONS (T CO2 EQ)



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



NOTE: Other includes categories of Capital goods, Fuel and energy related activities, Waste generated in operations, Business travel, Employee commuting and Upstream leased assets (leased offices)

GRI Please see complementary specific standard disclosures material for the focus area in the GRI report sections Responsible supply chain and Responsible manufacturing.

Visit Kemira.com – Kemira's Bradford site uses solar panels to generate energy with zero emissions.

Visit Kemira.com – Energy recovery project to utilize waste heat generates significant cost savings in Kemira's Kuusankoski site.

Water efficiency

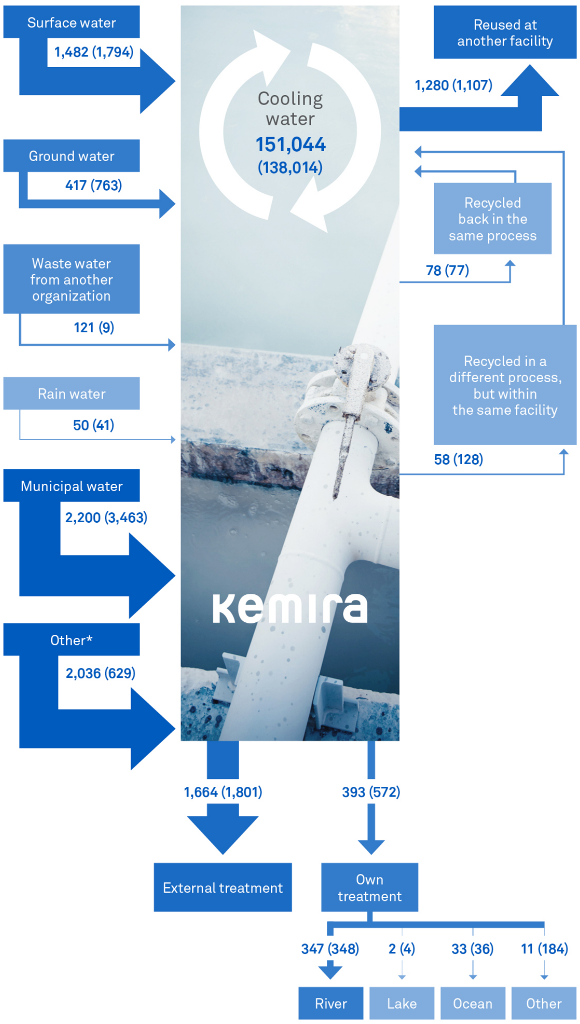
As a company providing expertise and tailored combinations of chemicals for water-intensive industries, our own corporate responsibility program inevitably addresses water efficiency in our own manufacturing processes.

In Kemira's manufacturing, water is used mainly for cooling or as process water. Many of our sites collect rainwater, and for example recycle the used water back in the same process or reuse it in another facility.

In 2013 we started a project to assess opportunities for water efficiency improvement in our own operations. Our target is to understand and evaluate the water related risks and opportunities in our own manufacturing operations, and to develop a water management program by the end of 2014. This year we have focused on collecting detailed data on how water is used and analyzing opportunities for improvement. Based on the assessment results, key performance indicators for water efficiency will be defined during 2014.

KEMIRA WATER BALANCE

1,000 m³



The data does not represent the complete water balance, as water entering with the raw materials and exiting with the products as well as evaporated water are excluded.

*Mainly treated water from another industrial facility.

SUMMARY OF WATER INDICATORS

	GRI-G4 Indicator	2013	2012	2011	2010	2009
Water withdrawal, million m^3, approx.						
Total water withdrawal, million m^3, approx.	EN8	157	145	169		
Cooling water volume, million m^3, approx.	EN8	151	138	161	163	159
Process water volume, million m^3, approx.	EN8	6.3	6.7	7.8		
Water discharges, million m^3, approx.						
Wastewater volume, million $m^{3,}$ approx.	EN22	2.1	2.4	2.6	1.2	1.4
External treatment, million m^3	EN22	1.7	1.8	1.9		
Own treatment, million m^3	EN22	0.4	0.6	0.6		
Releases into water, tonnes						
Chemical Oxygen Demand (COD)[1]		16	21	28	58	45
Nitrogen (N)		2	2	3	4	4
Phosphorus (P)		0.5	0.7	0.7	0.5	0.5
Suspended solids, 1,000 tonnes		0.002	0.01	0.03	0.02	0.05

1 The reduction from 2010 to 2011 is partly caused by over-reported figures in previous years.

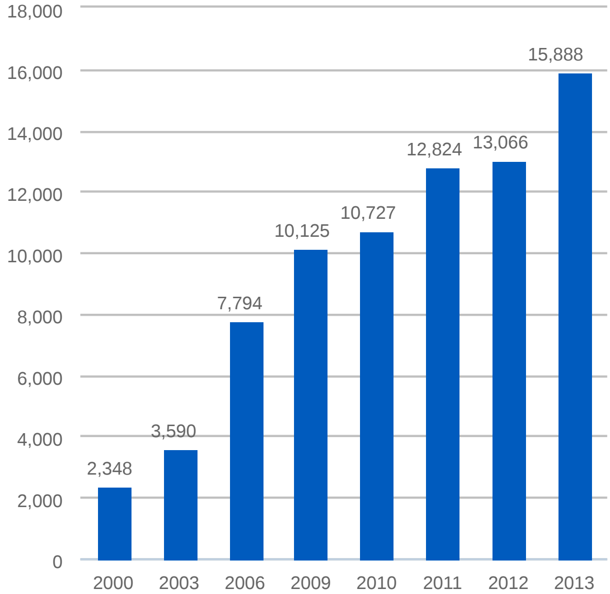
The calculations have been made according to GRI G4 reporting guidelines. The figures presented are based on data collected from Kemira's sites. Data covers all of Kemira's production sites according to Kemira consolidation rules.See also the graph Water balance and the table Summary of water indicators in the section of Responsible manufacturing; Water efficiency

Sustainable products and solutions

Kemira aims to develop environmentally preferred products and solutions to its customers. We are also committed to ensuring the safety of our products and that customers receive accurate information on their correct use.

Kemira's products are used for process efficiency as well as water quality and quantity management in multiple industries, such as paper, oil & gas and mining, and water treatment. With the help of our products, our customers are able to improve their own water, energy and raw material efficiency, end-product quality, as well as operational efficiency. The main product lines of Kemira comprise polymers and other process chemicals, sizing and strength, coagulants and bleaching chemicals.

PURIFIED WATER WITH KEMIRA'S PRODUCTS AND SOLUTIONS (MILLION M3)



The figures for 2011 to 2013 are restated due to more comprehensive data available in 2013.

DEVELOPING MORE SUSTAINABLE PRODUCTS

Kemira is seeking growth from new products and applications, and in 2013 the sales of new products increased to approximately 7% (5%) of Kemira's revenue. Kemira aims to gain EUR 250 million revenue from innovation sales in 2016.

Sustainability aspects are systematically evaluated in the New Product Development (NPD) process. The evaluation is conducted both for Kemira's own operations and for the impacts in customers' processes.

In 2013, over 90% of the existing NPD projects applied the sustainability check in Gates 2–4, and 100% of our new NPD projects started during 2013 applied the sustainability check in Gate 1.

Product regulatory compliance also plays an important role in the NPD process. Product safety checkpoints are defined for each gate, and registration of chemical substances is considered already at the earliest stage.

SUSTAINABILITY CRITERIA IN THE NPD PROCESS

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

ENSURING REGULATORY COMPLIANCE

Chemical industry regulations are developing rapidly worldwide, setting new challenges for product safety and compliance activities. In addition to supporting business with product safety topics and following applicable laws and regulations on chemical product safety, registration processes take up time and resources. For example, the new European Biocidal Products Regulation requires registration of all biocide active substances and products.

In EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) process, Kemira registered 29 substances in 2013. Preparations for the third deadline of REACH of 2018 have started. In USA, the Environment Protection Agency is implementing tighter regulations through Chemicals Management Policy and Toxic Substances Control Act. Kemira also obeys the new chemical regulations in emerging markets, such as China and Korea. New requirements of supply chain product safety communication have significantly intensified the information exchange with the customers and suppliers.

ONE LABEL SYSTEM IN USE BY 2015

We have proceeded according to our plans in reclassifying and relabeling our products according to the Classification, Labeling and Packaging of substances and mixtures (CLP) regulations in Europe. In addition, we aim to have all our products in all market areas under one label in accordance with the Globally Harmonized System of Classification and Labeling of Chemicals requirements (GHS) well before the EU and North American deadlines of June 1, 2015.

ACTIVE CROSS-FUNCTIONAL COLLABORATION FOR PRODUCT RESPONSIBILITY

Kemira Product Stewardship and Regulatory Affairs (PSRA) function is responsible for executing product safety and product regulatory compliance related activities globally, such as classification and labelling of products, safety compliance reviews in the NPD process, registration of substances, as well as identifying risks and environmental impacts of our products in their value chains and looking for opportunities to reduce their impacts.

PSRA collaborates closely with R&D, product management, sales and sourcing for ensuring product safety and compliance. Possible new regulatory risks are evaluated and mitigated in co-operation with Kemira's Corporate Responsibility. We are not only following existing legislation, but also the discussion and actions towards new legislation. We are, for example, striving to substitute the substances suspected of having endocrine disrupting properties or other hazardous properties deemed unfavorable in our products, and prepared a position paper on the subject.

Innovating for new products, processes and business models

In 2013 we have worked on building a culture of innovation throughout the organization. We have, for example, established an Innovation community consisting of people from different segments and functions. The community acts as an inspiration to people, stimulating creativity and creating enablers for an innovation culture – extending idea creation and collection beyond R&D.

Over 70% of our new product and application sales today is a result of Kemira's R&D program SWEET initiated in 2010. During 2013, the program has been integrated into Kemira' business operations, indicating the success of the four-year R&D program.

GRI Please see complementary specific standard disclosures material for the focus area in the GRI report sections Sustainable products and solutions.

Visit Kemira.com – Kemira's collaborative R&D programme SWEET produced product innovations and increased attention towards water technology.

Visit Kemira.com – New acid-free antiscalants optimize plant recovery in industrial and drinking water treatment.

Visit Kemira.com – New KemGuard technology brings laboratories to oil and gas wells offshore and onshore.

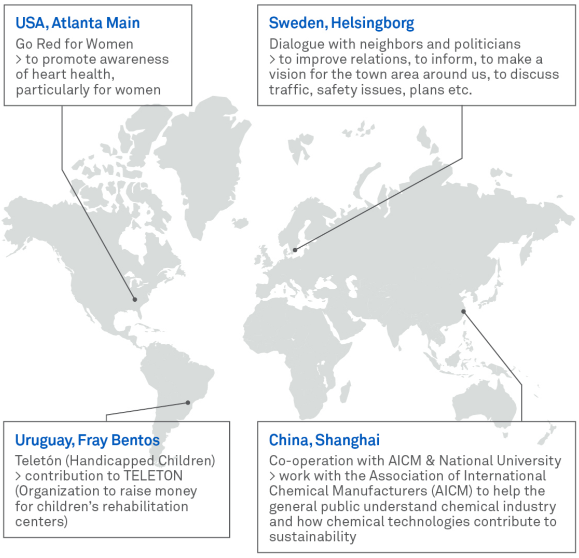
Responsibility towards the local communities where we operate

Kemira interacts and actively strives to build good relationships with the communities where we operate by engaging with local stakeholders on topics of mutual interest.

Kemira considers active engagement with local stakeholders is important in order to maintain an acceptable environmental and social footprint. Different sorts of interaction activities are needed globally, depending on the specific local requirements and concerns.

Through community involvement, Kemira can develop a reputation as a responsible neighbor. The engagement themes mostly revolve around solving water-related challenges, and topics such as safe neighborhoods, safety and wellbeing. Open communication and dialogue are important elements of community engagement.

Kemira's corporate responsibility target is that by 2015, each Kemira site employing over 50 people will have participated in a local community initiative at least once. Examples of possible actions include open house days, cooperation with schools and participating in non-profit organizations' charity work. By 2013, 48% of Kemira's sites have participated in local community initiatives, with some sites conducting multiple activities over the year.



In 2013, approximately 35 community involvement initiatives in 25 of major Kemira sites.

GRI Please see complementary specific standard disclosures material for the focus area in the GRI report section Responsibility towards the communities where we operate.

Visit Kemira.com – Kemira's Yanzhou site celebrated International Children's day by arranging a family day event.

Visit Kemira.com – Kemira's Bradford site promotes gender equality by hosting Women into STEM Apprenticeship Programme.

Visit Kemira.com – Millennium Youth camp attracted more than 1,600 applicants from more than 100 countries.

Visit Kemira.com – Collaboration with a local school in Atlanta introduces students with scientists.

GRI Report

According to the Global Reporting Initiative's
G4 Sustainability Reporting Guidelines

GRI report

GRI CONTENT INDEX

Kemira's corporate responsibility report is prepared in accordance with the Core option of the GRI-G4 Guidelines.

The report has been externally assured by Deloitte. The assurance report by Deloitte is available in the section GRI report: Assurance statement.

General Standard Disclosures			
General standard disclosures		Page	External assurance
Strategy and analysis			
G4-1 *	CEO's statement	Kemira in 2013: CEO's review	
G4-2	Key impacts, risks and opportunities	Governance: Risk management Kemira in 2013: CEO's review	
Organizational profile			
G4-3 *	Name of the organization	GRI Report: Organizational profile	Refer to Assurance report
G4-4 *	Primary brands, products and services	Kemira in 2013: Our business	
G4-5 *	Location of the organization's headquarters	GRI Report: Organizational profile	Refer to Assurance report
G4-6 *	Countries where the organization operates	GRI Report: Organizational profile	Refer to Assurance report
G4-7 *	Nature of ownership and legal form	GRI Report: Organizational profile	Refer to Assurance report
G4-8 *	Markets served	Kemira in 2013: Our business	
G4-9 *	Scale of reporting organization	Kemira in 2013: Key figures	
G4-10 *	Breakdown of workforce	GRI Report: Organizational profile	Refer to Assurance report
G4-11 *	Employees covered by bargaining agreements	GRI Report: Organizational profile	Refer to Assurance report
G4-12 *	Organization's supply chain	GRI Report: Organizational profile	Refer to Assurance report
G4-13 *	Significant changes during the reporting period	GRI Report: Organizational profile Financials: Changes in group structure	Refer to Assurance report
G4-14 *	Explanation of how the precautionary principle is addressed	Governance: Risk management	
G4-15 *	External principles and other initiatives to which the organization subcribes or which it endorses	GRI Report: Organizational profile	Refer to Assurance report
G4-16 *	Memberships in associations	GRI Report: Organizational profile	Refer to Assurance report

Identified material aspects and boundaries			
G4-17 *	Entities included in the organization's consolidated financial statements	GRI report: Identified material aspects and boundaries	Refer to Assurance report
G4-18 *	Process for defining report content and aspect boundaries	GRI report: Identified material aspects and boundaries	Refer to Assurance report
G4-19 *	Material aspects	GRI report: Identified material aspects and boundaries	Refer to Assurance report
G4-20 *	Aspect boundary within the organization	GRI report: Identified material aspects and boundaries	Refer to Assurance report
G4-21 *	Aspect boundary outside the organization	GRI report: Identified material aspects and boundaries	Refer to Assurance report
G4-22 *	Explanation of the effect of any re-staments of information provided in earlier reports	GRI report: Identified material aspects and boundaries	Refer to Assurance report
G4-23 *	Significant changes from previous reporting periods	GRI report: Identified material aspects and boundaries	Refer to Assurance report
Stakeholder engagement			
G4-24 *	Stakeholder groups engaged by the organization	Corporate responsibility: Stakeholder engagement	Refer to Assurance report
G4-25 *	Basis for indentification and selection of stakeholders	Corporate responsibility: Stakeholder engagement	Refer to Assurance report
G4-26 *	Approaches to stakeholder engagement	Corporate responsibility: Stakeholder engagement	Refer to Assurance report
G4-27 *	Key topics and concerns raised through stakeholder engagement	Corporate responsibility: Stakeholder engagement	Refer to Assurance report
Report profile			
G4-28 *	Reporting period	GRI Report: Report profile	Refer to Assurance report
G4-29 *	Date of the most recent report	GRI Report: Report profile	Refer to Assurance report
G4-30 *	Reporting cycle	GRI Report: Report profile	Refer to Assurance report
G4-31 *	Contact point for questions regarding the report	GRI Report: Report profile	Refer to Assurance report
G4-32 *	GRI content index	GRI Report: GRI content index	Refer to Assurance report
G4-33 *	Policy and current practice with regard to seeking external assurance for the report	GRI Report:Report profile GRI report: Corporate responsibility reporting scope	Refer to Assurance report
Governance			
G4-34 *	Governance structure of the report	Governance: Corporate governance	Refer to Assurance report
G4-36	Executive-level positions with responsibility for economic, environmental and social topics	GRI report: Governance	Refer to Assurance report
G4-37	Processes for consultation betwen stakeholders and the highest governance body	GRI report: Governance	Refer to Assurance report

G4-38	Composition of the highest governance body and its committees	Governance: Board of Directors	
G4-39	Position of the Chairman of the Board	Governance: Board of Directors	
G4-40	Processes for determining the composition, qualifications, and expertise of the highest governance body	GRI report: Governance	Refer to Assurance report
G4-41	Processes in place to avoid conflicts of interest	GRI report: Governance	Refer to Assurance report
G4-42	Executive-level roles in setting purposes, values, and strategy	GRI report: Governance	Refer to Assurance report
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	GRI report: Governance	Refer to Assurance report
G4-44 1)	Processes and actions taken with regard to highest governance body's performance	GRI report: Governance	Refer to Assurance report
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	GRI report: Governance	Refer to Assurance report
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk mangement processes	GRI report: Governance	Refer to Assurance report
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	GRI report: Governance Governance: Board of Directors	
G4-48	Highest committee or position that formally reviews and approves the sustainability report	GRI report: Governance	Refer to Assurance report
G4-49	Process for communicating critical concerns to the highest governance body	GRI report: Governance Governance: Shareholders´ meeting	
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address them.	Financials: Commitments and contingent liabilities GRI report: HR3 GRI report: SO5	Refer to Assurance report
G4-51	Executive-level compensations	GRI Report: Governance	Refer to Assurance report
G4-52	Process for determining remuneration	GRI Report: Governance	Refer to Assurance report
G4-53	Process for seeking stakeholder views regarding remuneration	GRI Report: Governance	Refer to Assurance report
Ethics and integrity			
G4-56 *	Organization's values, principles, standards and norms of behavior	GRI Report: Ethics and integrity	Refer to Assurance report
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour	GRI Report: Ethics and integrity	Refer to Assurance report

G4-58	Internal and external mechanisms for reporting concerns about ethical and lawful behaviour	GRI Report: Ethics and integrity	Refer to Assurance report

The general standard disclosures marked with an asterisk * are minimum requirements for the G4 "Core" option.

1) Partially reported.

Specific standard disclosures		
Material aspects	Indicators	External assurance
Category: Economic		
Economic performance	EC1, EC3, EC4	Refer to Assurance report
Category: Environmental		
Materials	EN1, EN2	Refer to Assurance report
Energy	EN3, EN5, EN6	Refer to Assurance report
Water	EN8, EN10	Refer to Assurance report
Emissions	EN15, EN16, EN18, EN19, EN20, EN21	Refer to Assurance report
Effluents and waste	EN22, EN23, EN24, EN25	Refer to Assurance report
Products and services	EN27, EN28	Refer to Assurance report
Compliance	EN29	Refer to Assurance report
Transport	EN30	Refer to Assurance report
Overall	EN31	Refer to Assurance report
Supplier environmental assessment	EN32	Refer to Assurance report
Environmental grievance mechanism	EN34	Refer to Assurance report
Category: Social		
Labor practices and decent work		
Employment	LA1, LA2	Refer to Assurance report
Labor/Management Relations	LA4	Refer to Assurance report
Occupational Health and safety	LA6	Refer to Assurance report
Training and education	LA9 1), LA10, LA11	Refer to Assurance report
Diversity and equal opportunity	LA12	Refer to Assurance report
Equal remuneration for women and men	LA13 1)	Refer to Assurance report
Supplier assessment for labor practices	LA14	Refer to Assurance report
Labor practices grievance mechanisms	LA16	Refer to Assurance report

Human rights		
Non-discrimination	HR3	Refer to Assurance report
Freedom of association and collective bargaining	HR4	Refer to Assurance report
Assessement	HR9[2)]	Refer to Assurance report
Supplier human rights assessment	HR10	Refer to Assurance report
Human rights grievance mechanisms	HR12	Refer to Assurance report
Society		
Local communities		
Local communities	SO1, SO2	Refer to Assurance report
Anti-corruption	SO3, SO4, SO5	Refer to Assurance report
Public policy	SO6	Refer to Assurance report
Anti-competitive behaviour	SO7	Refer to Assurance report
Aupplier assessment for impacts on society	SO9	Refer to Assurance report
Compliance	SO8	Refer to Assurance report
Grievance mechanism for impacts on society	SO11	Refer to Assurance report
Product responsibility		
Customer health and safety	PR1, PR2	Refer to Assurance report
Product and service labelling	PR3, PR4	Refer to Assurance report
Marketing communications	PR6	Refer to Assurance report
Compliance	PR9	Refer to Assurance report

[1)] LA9: Partially reported, no company-wide information of training hours available. LA13: Partially reported, no data available for ratio of women to men for each employee category.

[2)] Partially reported. Systematic process for assessing human rights related risks will be initiated in 2014.

GRI report

Strategy and analysis

G4-1: CEO'S STATEMENT

For the statement from the most senior decision-maker concerning the relevance of sustainability to Kemira and Kemira's strategy for addressing sustainability, please see CEO's review.

G4-2: KEY IMPACTS, RISKS AND OPPORTUNITIES

A description of key impacts, risks, and opportunities can be found in the section Risk management and in the CEO's review.

GRI report

Organizational profile

G4-3: NAME OF THE ORGANIZATION

The name of the organization is Kemira Oyj.

G4-4: PRIMARY BRANDS, PRODUCTS AND SERVICES

A list of Kemira's primary brands, products, and services can be found under Our business.

G4-5: LOCATION OF THE ORGANIZATION'S HEADQUARTERS

Kemira's headquarters is located in Helsinki.

G4-6: COUNTRIES WHERE THE ORGANIZATION OPERATES

Kemira has operations in approximately 40 countries.

Kemira has no significant locations of operations, only one site with over 300 employees (305 employees end of 2013) out of total about 4,500 employees (6.9% of all employees).

See also Our business section.

G4-7: NATURE OF OWNERSHIP AND LEGAL FORM

Kemira is a publicly traded company listed on the NASDAQ OMX Helsinki Ltd.

G4-8: MARKETS SERVED

Kemira's markets served, including geographical breakdown, sectors served and types of customers can be found under Our business.

G4-9: SCALE OF REPORTING ORGANIZATION

For information on Kemira's number of employees, operations and financial figures, please see Key figures.

G4-10: BREAKDOWN OF WORKFORCE

G4-10: Total number of employees

	2013	2012	2011	2010	2009	2008
Personnel at year-end	4,453	4,857	5,006	4,935	8,493	9,954
Females/males, %	26/74	25/75	24/76	32/68	32/68	29/71

G4-10: Total number of employees by employment contract and gender

2013	Female	Male	Total	Female %	Male %	Total %	Total % 2012
Permanent	1,127	3,223	4,350	96.8	98.0	97.7	98.0
Fixed-term	37	66	103	3.2	2.0	2.3	2.0
Total	1,164 (26%)	3,289 (74%)	4,453	100.0	100.0	100.0	100.0

G4-10: Total number of permanent employees by employment type and gender							
2013	Female	Male	Total	Female %	Male %	Total %	Total % 2012
Full-time	1,102	3,212	4,315	97.8	99.7	99.2	97.6
Part-time	25	11	36	2.2	0.3	0.8	2.4
Total	1,127	3,223	4,350	100.0	100.0	100.0	100.0

G4-10: Total workforce by region and gender							
2013	Female	Male	Total	Female %	Male %	Total %	Total % 2012
APAC	93	247	340	8.0	7.5	7.6	7.2
EMEA	739	1,856	2,595	63.5	56.4	58.3	57.8
North America	271	1,010	1,281	23.3	30.7	28.8	26.3
South America	61	176	237	5.2	5.4	5.3	8.7
Total	1,164	3,289	4,453	100.0	100.0	100	100.0

There is no significant variation in the employment figures on an annual level. The workload is evenly distributed during the year, which is why there is no need for seasonal workforce.

G4-11: EMPLOYEES COVERED BY BARGAINING AGREEMENTS

Percentage of employees covered by collective bargaining agreements varies widely by between regions, being lowest in North America (USA 4%, Canada11%), 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 Europe the percentage varies (UK 31%, the Netherlands 68%, Germany 47%, Austria 100%), and in some Eastern European countries (for example Poland) there are no collective bargaining agreements. In South America all employees are covered by a collective agreement. For APAC the data is not applicable as collective bargaining agreements are not a prevailing practice in the chemical industry.

G4-12: ORGANIZATION'S SUPPLY CHAIN

Kemira's Supply Chain function is in charge of the end-to-end product flow which comprises managing the sourcing of materials and services, inventory and demand replenishment planning, logistics operations, customer order handling and customer service. Most of the suppliers are direct producers of materials, energy and utilities, and service providers.

The total number of suppliers is about 10,000, out of which 650 are raw material suppliers.

Total spend of direct and indirect sourcing was about EUR 1.7 billion in 2013.

Top 100 direct material suppliers make 80% of the total spend. Geographically 85% of the supplies are from EMEA and NAFTA.

G4-13: SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

During 2012-2013 Kemira has announced 20 site or production plant closures in line with Kemira's consolidated manufacturing footprint optimization plan. The production from closed sites has been transferred to Kemira's other sites, except for titanium dioxide and formic acid business, which have been sold. At the end of 2013, Kemira had 59 manufacturing sites. The environmental reporting scope included 64 sites according to Kemira consolidation rules.

Acquisition of 3F Chimica S.p.A.; two new manufacturing sites in Italy and one in USA focusing on polymer production.

Establishment of multifunction Business Service Center in Gdansk, Poland (transactional services including customer service and procurement).

There are no significat changes in share capital structure and other capital formation, maintenance, and alteration operations. For further information, please see Note 33.

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

G4-14: EXPLANATION OF HOW THE PRECAUTIONARY PRINCIPLE IS ADDRESSED

Kemira's risk management policy and principles proactively protect and help Kemira to reach the desired aggregate risk level and ensure the continuity of Kemira's operations. Read more in the section Risk management.

G4-15: EXTERNAL PRINCIPLES AND OTHER INITIATIVES TO WHICH THE ORGANIZATION SUBCRIBES OR WHICH IT ENDORSES

Kemira follows the OECD Guidelines for Multinational Enterprises. Kemira respects and supports the fundamental human rights as defined by the United Nations Universal Declaration of Human Rights and complies with the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

G4-16: MEMBERSHIPS IN ASSOCIATIONS

Kemira Oyj is committed to the Responsible Care program by the International Council of Chemical Associations (ICCA).

Kemira is a member of World Business Council for Sustainable Development (WBCSD), 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 and participates actively in the Baltic Sea Action Group's (BSAG) Commitment to Act.

GRI report

Identified material aspects and boundaries

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

The entities included in Kemira's Consolidated Financial Statements are listed in the Notes to the Consolidated Financial Statements 34; Group companies.

All the Group companies are included in Kemira's corporate responsibility report. More detailed description of the boundaries and the completeness of the report data is provided in the tables G4-20 and G4-21 Description of the reporting scope and methods of data collection.

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

During the autumn of 2013 Kemira updated the assessment of material sustainability topics in accordance with the new GRI G4 process for defining report content. Based on the first materiality analysis conducted in 2011, Kemira had defined its corporate responsibility priorities and targets as part of its corporate responsibility management process. The targets for corporate responsibility were approved by the Management Board in the end of 2012.

The second stakeholder survey was conducted in the autumn 2013 to understand how and in which areas we could improve our corporate responsibility. This was done via a web-based stakeholder brainstorming where stakeholders could discuss and provide their viewpoint on any corporate responsibility topics and concerns they considered important. The survey was participated by 243 stakeholder representatives from 27 countries. The share of external stakeholders was 51.4% of the participants and they represented mainly shareholders and investors, customers, suppliers, non-govermental organizations and governmental authorities.

According to the results of the stakeholder survey, both internal and external stakeholders highlighted the importance of product safety and innovation, business ethics and compliance, and responsibility in the supply chain.

The outcomes of this online stakeholder survey were taken into account when updating Kemira's corporate responsibility focus areas and targets for 2014, and when defining material aspects and boundaries for the report content.

The most material corporate responsibility aspects for Kemira were determined based on three criteria:

- Top 10 most important stakeholder expectations and concerns
- Chemical sector specific sustainability aspects based on GRI's stakeholder survey on sustainability topics for sectors (GRI 2013, Sustainability Topics for Sectors: What do stakeholders want to know?)
- Kemira's strategy was taken into account from two perspectives; whether the aspect is a source of value creation or a source of risk for Kemira

If the aspect met most of the three criteria, it was considered to be material. In this process, 36 of the 46 aspects included in the GRI G4 guidelines were identified as material. Four of the earlier reported aspects were not considered material any more. Aspects Indirect economic impacts, Market presence, Investment and biodiversity were reported in 2012 but were not considered material when defining material aspects and boundaries for the 2013 report content.

The scope of the report does not contain any other changes, nor restatements of information provided in the previous reports.

Aspect boundaries for the identified material aspects were then evaluated in reflection to the sustainability context, that is based on the significance of their economic, environmental and social impacts in our value chain. A more detailed description of the aspect boundaries and completeness of data collection for the identified material aspects can be found in the table Description of the reporting scope and methods of data collection.

Based on the materiality assessment, stakeholder survey results and discussions with Kemira's management, Kemira has defined six corporate responsibility focus areas, and has established performance targets for each focus area. The corporate responsibility focus areas are:

- Responsible business practices
- Responsible supply chain
- Responsible manufacturing
- Responsibility for employees
- Sustainable products and solutions
- Responsibility towards the local communities where we operate.

The material aspects and the relevant performance indicators are organized and reported by Kemira's six corporate responsibility focus areas. The results of the materiality assessment, as well as the updated Kemira corporate responsibility targets, have been validated by the Kemira Management Board in January 2014.

G4-19: MATERIAL ASPECTS

G4-19: Material aspects by Kemira's corporate responsibility focus areas						
Material aspects identified	Responsible business practices	Responsible supply chain	Responsibility for employees	Responsible manufacturing	Sustainable products and solutions	Responsibility towards the local communities where we operate
Category: Economic						
Economic Performance (see section Economic responsibility)						
Category: Environment						
Materials						
Energy		Scope 3				
Water						
Emissions						
Effluents and waste						
Products and services						
Compliance						
Transport						
Overall env. expenditures and investments						
Supplier environmental assessment						
Environmental grievance mechanisms						
Category: Social						
Sub-category: Labor Practices and decent work						
Employment						
Labor/management relations						
Occupational health and safety						

Training and education						
Diversity and equal opportunity						
Equal remuneration for women and men						
Supplier assessment for labor practices						
Labor practices grievance mechanisms						
Sub-category: Human rights						
Non-discrimination						
Freedom of association and collective bargaining						
Assessment						
Supplier human rights assessment						
Human rights grievance mechanisms						
Sub-category: Society						
Local communities						
Anti-corruption						
Public policy						
Anti-competitive behavior						
Compliance						
Supplier assessment for impacts on society						
Grievance mechanisms for impacts on society						
Sub-category: Product responsibility						
Customer health and safety						
Product and service labeling						
Marketing communications						
Compliance						

G4-20 ASPECT BOUNDARY WITHIN THE ORGANIZATION

G4-20: Description of the reporting scope and methods of data collection Aspect boundaries within the organization		
Materials Aspects	**Aspect boundary**	**Completeness**
Category: Economic		
Economic performance	All Kemira operations (according to Kemira consolidation rules)	Data is extracted from the Kemira ERP* system and collected from Kemira consolidated companies. Consolidation on the Group level.
Category Environment		
Materials; Products and services; Transport	All Kemira operations covered by the Kemira ERP* (according to Kemira consolidation rules)	Data is extracted from the Kemira ERP* system and R&D New Product Development (NPD) process documentation.
Energy (Scope1 and 2); Water; Emissions; Effluents and waste; Compliance, Environmental expenses and investments	All Kemira sites (according to Kemira consolidation rules). The environmental reporting scope included 64 sites.	Data is collected from each production site and consolidated on the Group level.
Category:Social		
Labor Practices and Decent Work Employment; Labor/management relations; Occupational health and safety** (incl.contractors working at Kemira sites); Training and education; Diversity and equal opportunity; Equal remuneration for women and men	All Kemira operations (according to Kemira consolidation rules)	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. Safety data management system
Human Rights Non-discrimination; Freedom of association and collective bargaining; Human rights assessment	All Kemira operations (according to Kemira consolidation rules)	Notifications through Compliance & Ethics Hotline and sustainability@kemira.com
Society Local communities; Anti-corruption; Public policy Anti-competitive behavior; Compliance	All Kemira operations (according to Kemira consolidation rules)	Data is collected from each region and from the Kemira legal archive files, and through notifications from Kemira Compliance and Ethics Hotline
Product responsibility Customer health and safety; Product and service labeling; Marketing communications; Compliance	All Kemira operations covered by the Kemira ERP* (according to Kemira consolidation rules)	Data is extracted from the Kemira ERP* system, R&D NPD process documentation and Kemira legal archive files
Grievance mechanism	All Kemira operations	Kemira Compliance and Ethics Hotline
*Kemira ERP = Kemira Enterprise Resource Planning **Occupational health & safety: TRI number includes the contractors		

G4-21 ASPECT BOUNDARY OUTSIDE THE ORGANIZATION

G4-21: Description of the reporting scope and methods of data collection Aspect boundaries outside the organization		
Materials Aspects	Aspect boundary	Completeness
Indirect emissions in the value chain (EN17, EN30)	Scope 3	Data collected from Kemira ERP* system and relevant organizational units. Default data and assumptions as refered by WBCSD Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain
Supplier assesments	Suppliers	Harmony Contract Management Tool to track suppliers that signed for CoC-SDA.
Grievance mechanism	External stakeholders	Data is collected from sustainability@kemira.com
*Kemira ERP = Kemira Enterprise Resource Planning		

G4-22 EXPLANATION OF THE EFFECT OF ANY RE-STAMENTS OF INFORMATION PROVIDED IN EARLIER REPORTS

There are no major restatements of information provided in previous reports except a few environmental related data: Indicators EN23 and EN27 are restated for years 2011-2013 due to more comprehensive data available. Indicator EN23 is also reported by more comprehensive disclosure of waste disposal methods.

G4-23 SIGNIFICANT CHANGES FROM PREVIOUS REPORTING PERIODS

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

Emissions in the value chain (Scope 3) and Supplier assessments are included as new items.

GRI report

Stakeholder engagement

G4-24: STAKEHOLDER GROUPS ENGAGED BY THE ORGANIZATION

For a list of stakeholder groups engaged by the organization, please see Stakeholder engagement.

G4-25: BASIS FOR INDENTIFICATION AND SELECTION OF STAKEHOLDERS

The basis for identification and selection of stakeholders with whom to engage can be found in Stakeholder engagement.

G4-26: APPROACHES TO STAKEHOLDER ENGAGEMENT

For the organization's approach to stakeholder engagement, please see Stakeholder engagement.

G4-27: KEY TOPICS AND CONCERNS RAISED THROUGH STAKEHOLDER ENGAGEMENT

The key topics and concerns raised through stakeholder engagement, as well as Kemira's response to those topics and concerns, can be found under Stakeholder engagement.

GRI report

Report profile

G4-28: REPORTING PERIOD

The reporting period is from January 1 to December 31, 2013, unless otherwise stated.

G4-29: DATE OF THE MOST RECENT REPORT

Kemira's Annual Report 2012 (including Sustainability Report and Financial Statements) was published on February 28, 2013.

G4-30: REPORTING CYCLE

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

G4-31: CONTACT POINT FOR QUESTIONS REGARDING THE REPORT

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

G4-32: GRI CONTENT INDEX

Please see GRI report for the GRI content index.

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 Corporate responsibility reporting scope and Assurance statement.

GRI report

Governance

The company's corporate governance is also described in the Corporate governance section of the Kemira 2013 report.

G4-34: GOVERNANCE STRUCTURE OF THE REPORT

For information on Kemira's governance structure and committees, please see Corporate governance.

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

Senior Vice President, Communications & Corporate Responsibility, reports to the Managing Director.

Director, Corporate Responsibility, reports to the Senior Vice President, Communications & Corporate Reponsibility.

G4-37: PROCESSES FOR CONSULTATION BETWEN STAKEHOLDERS AND THE HIGHEST GOVERNANCE BODY

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act and NASDAQ OMX Helsinki Ltd's rules and regulations on listed companies. These rules regulate the procedures regarding when and how listed companies disclose information to the market. 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.

Furthermore, Kemira complies with the Finnish Corporate Governance Code which is publicly available at http://cgfinland.fi/en/

Kemira Oyj's general operating principles, mutual responsibilities and lines of responsibility are defined by the Kemira Code of Conduct. Kemira's values and ethical principles underpin the company's corporate governance and the way in which the company interacts with its main stakeholders.

Kemira's shareholders' meeting is held at least once a year. Shareholders have a 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 as well the right to review fiscal information for the past year and bring up questions or matters regardingly.

In 2013 Kemira's Investor Relations held approximately 35 roadshow days and almost 250 individual meetings with portfolio managers and other representatives in several different countries. The Head of Investor Relations reports to the Chief Financial Officer.

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

Please read more on the composition of the highest governance body and its committees in the section Board of Directors.

G4-39: POSITION OF THE CHAIRMAN OF THE BOARD

Please read more about the Chair of the highest governance body and his duties in the section Board of Directors.

G4-40: PROCESSES FOR DETERMINING THE COMPOSITION, QUALIFICATIONS, AND EXPERTISE OF THE HIGHEST GOVERNANCE BODY

Kemira complies with the Finnish Corporate Governance Code which is publicly available at www.cgfinland.fi (see chapter 3: Board)

The Annual General Meeting (AGM) makes decisions on matters within its competence under the Companies Act and the Articles of Association on the discharge of Board members and the Managing Director and his Deputy from liability, the election of the Chairman, Vice Chairman and other members of the Board of Directors and their emoluments, and the election of the auditor and the auditor's fees.

The Nomination Board, consisting of shareholders or the representatives of shareholders, prepares annually a proposal for the next AGM concerning the composition and remuneration of the Board of Directors.

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

Kemira's Board of Directors' tasks and duties are defined in the section 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 related parties, transactions and disclosure of related parties and transactions are defined in the Kemira Group Related Party Policy (approved by the Management Board). Related party information is disclosed in the Consolidated Financial Statements as required by the International Financial Reporting Standards (IFRS).

All Board members are independent of the company. The Board members are also independent of significant shareholders of the company except for the Vice Chairman Jari Paasikivi. Jari Paasikivi is the CEO of Oras Invest Oy, which is the owner of over 10% of Kemira Oyj's shares.

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 situation to their supervisor in accordance with applicable Kemira policies.

Kemira Oyj and the Kemira pension fund Neliapila own 4,037% of the shares of the energy production company Pohjolan Voima. Pohjolan Voima is the major owner of another energy production company Teollisuuden Voima Oy, where Kemira has a direct minority ownership share of about 1%.

G4-42: EXECUTIVE-LEVEL ROLES IN SETTING PURPOSES, VALUES, AND STRATEGY

The Managing Director is responsible for managing and developing the company in accordance with the instructions and regulations issued by the Board of Directors, ensuring that the company's interests are served by the subsidiaries and associated companies under its ownership, and puts the decisions taken by the Board of Directors into effect. The Managing Director reports to the Board on financial affairs, the business environment and other significant issues.

The Management Board is responsible for securing the long-term strategic development of the company. The Management Board also approves the Company's Policies.

The Board of Directors approves the company's values, strategy and organization. The Board of Directors approves the most important Policies, such as the Code of Conduct. The Board approves the interim reports and financial statements as well as the corporate responsibility report.

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

The knowledge of economic, environmental and social topics is enhanced through various presentations and discussions as well as review of, for example, the EHSQ report, interim report and corporate responsibility report.

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

The Board of Directors conducts an internal self-assessment annually. Action plans are created based on the results. The results are presented to the Nomination Board

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

The risks and opportunities are included in the Kemira's strategy, as approved by the Board of Directors. The review of the strategy is a continuous process. The Board of Directors meet once a month. Early warning signals are presented to the Board of Directors once a month, covering information on the markets relevant to the company.

G4-46: HIGHEST GOVERNANCE BODY'S ROLE IN REVIEWING THE EFFECTIVENESS OF THE ORGANIZATION'S RISK MANGEMENT PROCESSES

Internal audit reviews the results of the risk assessment processes on a yearly basis for audit planning purposes. The risk management process is evaluated by internal audit every three years. According to Kemira's Enterprise Risk Management process, the Board of Directors review the risk management process through its Audit Committee annually, Management Board and segment management semiannually and RBU/function/region management quarterly.

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

The tasks and duties of the highest governance body can be found under Board of Directors.

In 2013, the Board of Directors met 16 times. The average attendance rate at the meetings was 97.6%.

G4-48: HIGHEST COMMITTEE OR POSITION THAT FORMALLY REVIEWS AND APPROVES THE SUSTAINABILITY REPORT

Defining Kemira's corporate responsibility material topics and focus areas is based on our stakeholders' concerns and expectations, and on assessing the impacts of our operations on the environment and society. The material topics are either a source of value creation or a business risk for Kemira.

Kemira sets improvement targets for each defined corporate responsibility focus area. The target setting is designed together with the respective members of Kemira's Management Board responsible for individual corporate responsibility focus areas.

Kemira's corporate responsibility targets are approved by the Kemira Management Board. Corporate responsibility targets are discussed annually with the Kemira Board of Directors. Performance againts corporate responsibility targets is reported quarterly in Kemira's interim reports by the Kemira Board of Directors.

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

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

More information on the process for communicating critical concerns to the highest governance body can be found in the section Shareholders' meeting.

See also disclosure G4-58 for the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity.

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

The following critical concerns are reported to the Boad of Directors:

Litigations, if relevant to the Board of Directors, see chapter "Litigation" in Note 30: Commitments and contingent liabilities.

Cases of discrimination are described under the indicator HR3: Total number of incidents of discrimination and corrective actions taken, and cases of corruption under SO5: Confirmed incidents of corruption and actions taken. There were 4 cases of violations against the Code of Conduct reported to the Audit Committee. The Committee reports to the Board on each meeting.

G4-51: EXECUTIVE-LEVEL COMPENSATIONS

Based on the decisions of the 2013 Annual General Meeting, Board members are entitled to a yearly fee and a fee per meeting.

The fees are as follows:

- Chairman will receive EUR 74,000 per year,
- Vice Chairman and the Chairman of the Audit Committee EUR 45,000 per year and
- other members EUR 36,000 per year.

Fees payable for each Board meeting and its committees are:

- EUR 600 for the members residing in Finland,
- EUR 1,200 for the members residing elsewhere of Europe and
- EUR 2,400 for the members residing outside Europe.

The meeting fees are to be paid in cash.

Travel expenses are paid according to Kemira's travel policy.

In addition, the Annual General Meeting decided that the annual fee should 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 company's shares owned by the company or, if not possible, shares purchased from the market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report January 1–March 31, 2013.

The Board of Directors determines the salaries of the Managing Director and other Group Management Board members, other remuneration, and employment terms. Management compensation consists of a monthly salary, fringe benefits and performance based incentives. A twelve-month period of notice applies to both sides for the Managing Director. In addition to the salary of the notice period, the Managing Director is not entitled to a separate severance pay. The Group Management Board does not have a separate supplementary pension scheme. The performance based incentives consist of a cash bonus plan and a share based plan.

The annual cash bonus is determined by the achievement of the Group and personal performance targets for each financial year. The maximum bonus for the Managing Director is 60% of the annual gross salary for the same period and 50–70% for other Group Management Board members. In 2013, Group performance targets were Group EBIT and cash flow and personal performance targets including social and economic objectives, depending on the role. All Group Management Board members had a People and Talent Development target in addition of the operative and financial targets.

In February 2012, Kemira Board of Directors decided to establish a new share-based incentive plan that follows the already terminated 2009–2011 plan aimed at the company's strategic management for the years 2012–2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to the achievement of the performance targets set by the Board of Directors, which include both internal and external performance targets. The internal target setting is divided into three one-year performance periods: 2012, 2013 and 2014. Payment depends on achievement of the set intrinsic value targets calculated from the development of EBITDA and the development of the net debt. The program also includes a three-year external goal, which is tied to the relative total shareholder return (TSR) performance during 2012–2014. As a guiding principle, reward will only be paid based on excellent performance.

The value of the aggregate reward paid out in the course of the three-year plan may not exceed 120% of the CEO's and 100% of the other participants' gross salary for the same period. The applicable taxes will be deducted from the gross earning and the remaining net value is delivered to the participants in Kemira shares.

Shares earned through the plan must be held for a minimum of two years following each payment. In addition, the participants must retain fifty per cent of the shares obtained under the plan until their ownership of Kemira shares based on shares obtained through the share-based incentive programs of Kemira has reached a share ownership level which in value equals at least their gross annual salary for as long as they remain participants in the plan.

The shares transferable under the plan comprise treasury shares or Kemira Oyj shares available in public trading.

In addition to the share-based incentive plan aimed at the company’s strategic management, Kemira has a share-based incentive plan aimed at other key personnel, in which the strategic management will not participate.

G4-52: PROCESS FOR DETERMINING REMUNERATION

The Annual General Meeting decides on remuneration for Board members.

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

The Group Performance targets in the annual cash bonus as well as the the targets in the share-based plan for the strategic management are determined for each financial year separately 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 plan.

G4-53: PROCESS FOR SEEKING STAKEHOLDER VIEWS REGARDING REMUNERATION

Shareholders represent one of Kemira’s three key stakeholder groups in addition to customers and employees, and shareholders’ views regarding remuneration are taken into account in Kemira Oyj’s shareholders’ meeting, Annual General Meeting (AGM), which is the company’s highest decision-making body. The AGM makes decisions on matters within its competence under the 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 emoluments, and the election of the auditor and the auditor’s fees. Process for determining remuneration

GRI report

Ethics and integrity

G4-56: ORGANIZATION'S VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOR

The Kemira Code of Conduct is based on Kemira's values, which are also incorporated in the Code. The Code sets the framework for Kemira policies and defines the key principles that are expressed in more detail in the respective policies.

The current version of Kemira's Code of Conduct was approved by the Board of Directors in December 2012 and entered into force on January 1, 2013. The Code is available in 24 languages.

During 2013, training has been provided to all Kemira personnel in all countries via online training program and classroom trainings. 90% of our active personnel (excluding employees who are in the scope of divested businesses) received training during 2013 either via interactive e-learning tool or on-site classroom training. The remaining personnel will receive training in 2014. All new employees will also receive training when joining the company. Signing the Code is not required globally, but this practice is nevertheless in use in some countries.

As a document the Code of Conduct is owned by the Legal function (headed by the Group General Counsel), and most of the activities related to the Code are managed by Ethics & Compliance sub-function (organized under Legal).

G4-57: INTERNAL AND EXTERNAL MECHANISMS FOR SEEKING ADVICE ON ETHICAL AND LAWFUL BEHAVIOUR

Kemira has in-house legal counsels in all regions that can be contacted via all usual means (e-mail, call, face-to-face, etc.). No special channels have been set up for anonymous contacts. Kemira employees can contact Kemira's Legal function (in-house legal counsels or Ethics & Compliance) in any questions or concerns relating to ethics or compliance. This is stated for example in the Code of Conduct. Any reporting will be treated strictly confidentially and anonymously to the extent possible. Preventing an employee from reporting a violation of the Code is prohibited.

Satisfaction with Legal's advice services is not measured separately, but is indirectly covered as part of the Business Alignment Survey conducted by Legal in November/ December 2013.

G4-58: INTERNAL AND EXTERNAL MECHANISMS FOR REPORTING CONCERNS ABOUT ETHICAL AND LAWFUL BEHAVIOUR

Each Kemira employee must report any violation of law, unethical activities or non-conformity with the Code of Conduct either via the Kemira Ethics and Compliance Hotline, an independent reporting service provided by an external partner; to Kemira Group Ethics & Compliance function; or the relevant line management.

Each line manager has an obligation to forward all reports made to the line management to the Ethics & Compliance function, which has the overall responsibility of the reporting.

Each employee is required to attend a mandatory Code of Conduct training, which contains information about the reporting system. The reporting system is available 24/7 for the employees and it is provided in 45 different languages. All reports will be treated confidentially and anonymously to the extent possible. According to Code of Conduct, all allegations of potential violations of the Code made in good faith will receive a fair and comprehensive investigation conducted with the relevant internal and/or external assistance. Raising a concern about compliance with the Code will not lead to adverse work-related consequences.

GRI report

Disclosures on management approach

Disclosure of management approach is reported by the generic management approach covering Kemira's corporate responsibility in general, and by the specific management approaches covering each focus area of corporate responsibility. The management approach of economic performance is covered by Kemira's corporate governance and financial guidance. Sustainable organic growth, financial stability and target oriented corporate responsibility work are the key elements in Kemira's management of economic responsibility.

Management approach of Kemira's corporate responsibility	
Description of management approach	At Kemira, the purpose of Corporate Responsibility is to identify, understand and manage the impacts of our activities on the environment, people and the society.
Policies	Kemira has a wide scope of company policies that support the implementation of corporate responsibility targets, and that relate to the management approach of each corporate responsibility focus area. • Kemira Code of Conduct, Code of Conduct for Suppliers, Distributors and Agents, and EHSQ policy are publicly available • All other policies referted to in the focus area specific DMA are non-public, internal documents
Commitments	• Kemira Code of Conduct is in line with the OECD Guidelines for Multinational Enterprises • Kemira respects and complies with internationally acknowledged human rights such as the United Nations Universal Declaration of Human Rights and ILO declaration on Fundamental Principles and Rights at Work • Kemira is signatory of Responsible Care, the voluntary initiative of the international chemical industry.
Goals and targets	Our corporate responsibility targets can be found in the section Our focus areas.

Responsibilities	Director, Corporate Responsibility, is responsible for overall development and management of corporate responsibility activities, and reports to SVP, Communications and Corporate Responsibility, a direct subordinate of the CEO. Corporate Responsibility team • Team is lead by Director, Corporate Responsibility • Team is responsible for management of a company-wide process to identify corporate responsibility priorities and targets, coaching and supporting the organization, coordinating, monitoring and reporting of the corporate responsibility related activities in Kemira, establishing the processes, tools and metrics to ensure compliance with relevant external norms, guidelines and expectations, stakeholder dialogue related to corporate responsibility, public affairs issue management • Team responsibilities are connected to performance evaluation and incentive plan: 30% of bonus targets are based on individual KPI's to ensure that corporate responsibility targets are implemented and achieved. For corporate responsibility, generic catalog KPI's are defined which can be used as part of bonus KPI's in other parts of the organization Corporate Responsibility management team • Team is chaired by Director, Corporate Responsibility • Team members are from the organisational units that are responsible for 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 unit • Team is responsible for proposing target updates and KPI's to Kemira's Management Board and performance reporting • Responsibilities are largely connected to performance evaluation. For details, see DMA by focus areas
Resources	Segments and functions (Legal, Sourcing and Procurement, Supply Chain Management, EHSQ, Manufacturing, Human Resources, Communications and Corporate Responsibility.
Specific actions (processes, programs, projects, initiatives)	Corporate level, global activities: • Stakeholder engagement surveys conducted on regular basis • Target-setting and performance management according to corporate responsibility management process • Corporate responsibility reporting on quarterly and annual basis
Evaluation of management approach	Kemira's Managemet Board annually reviews and approves the corporate responsibility targets. The approved targets and the corporate responsibility report are presented and discussed with the Board of Directors. The performance follow-up of target implementation is conducted every quarter, and the results are reported to the Management Board, as well as to stakeholders in the quarterly Kemira Interim Reports. **Mechanisms for monitoring the effectiveness of the management approach**

Audit coverage of corporate responsibility areas in 2013

Assurance unit	Economic	Environmental	Social
Internal assurance			
Kemira Internal Audit	Evaluation of internal controls: Reliability of financial reporting, effectiveness and efficiency of operations		Evaluation of internal controls: Compliance with applicable laws and regulations
Supply Chain Management	Supplier performance management	Supplier performance management	Supplier performance management
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 ISO 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 reporting assurance		Assessing and auditing the management and performance of environmental responsibility according to GRI	Assessing and auditing the management and performance of social responsibility according to GRI
	Improvements in management approach in 2013: • Management Board is more involved in the discussion concerning corporate responsibility topics, and this activity is expected to increase in the coming years • Board of Directors level discussion on corporate responsibility focus areas and targets once a year • Performance results of corporate responsibility targets are disclosed quarterly to the Management Board, and to stakeholders in the Kemira Interim reports • Corporate Responsibility management team has regular meetings with preagreed annual agenda and one focus area per meeting • More active in external benchmarking (CDP, DJSI) • Sustainability risk assesment is more closely integrated into Kemira Enterprise Risk Management process (e.g. climate risk) • Overall global management process definition for corporate responsibility has been more specifically defined in 2014			

Management approach by focus areas	
Focus area: Responsible business practices	
Material aspects and reported indicators (Note: materiality is described in G4-18)	• Anticorruption (SO3, SO4, SO5) • Public policy (SO6) • Anticompetitive behaviour (SO7) • Compliance (SO8) (EN29 by EHSQ, PR9 by PSRA) • Grievance mechanism (EN34, LA16, HR12, SO11)
Description of management approach	The management of responsible business practices forms the basis for Kemira to conduct its business: ethically and in compliance with applicable laws, regulations and Kemira’s own policies throughout the organization.

Policies	• Kemira Code of Conduct (2012) • Competition Law Compliance Policy (2006) • Group Gifts, Entertainment and Anti-bribery Policy (2012) • Group Sponsorship and Donation Policy (2013) • Group Related Party Policy (2012) • Risk Management Policy (2010) • Business Control Manual (2009) • Business Agreement Policy (2013) • Legal Review Guidelines for Business Agreements (2013) • Kemira Oyj Procuration Policy (2013) • Kemira Group Policy for Issuing and Maintaining Policies (2013) • EHSQ policy (2013) – foundation for management systems The Kemira Code of Conduct requires compliance with laws and regulations and adherence to company policies by every company employee. Kemira has a zero tolerance policy with regard to breaches of competition law and does not tolerate any corruption or bribery. Kemira and its employees must never offer, solicit or accept a bribe in any form. 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 by contributing to the work of relevant trade and industry associations.
Goals and targets	• Training of employees for the Kemira Code of Conduct (CoC) • Development of Kemira Compliance Program including Communication, Training and managing the Kemira Ethics & Compliance hotline. See details in the table Corporate responsibility targets in the section Our focus areas.
Responsibilities	• Head of Legal function aswers for the compliance program, responsible business conduct and grievance mechanism. Responsibilities are connected to performance evaluation and incentive plan with the KPI "Secure that Kemira is at the end of 2013 fully compliant with Code of Conduct" • Director, Ethics and Compliance (Legal function) is responsible for the Kemira Compliance program and for grievance mechanism. Responsibilities are connected to performance evaluation and incentive plan with the KPI "All Kemira emplyees trained by Dec 31, 2013" • Head of EHSQ (Environment, Health, Quality and Safety) is responsible for auditing, and recognizing gaps versus safety/environmental legal requirements and internal standards, and to work as experts together with Kemira's organization to fill the gaps • Head of PSRA (Product Stewardship and Regulatory Affairs) is responsible for product regulatory compliance
Resources	• Legal function is responsible for the development and implementation of the Kemira compliance program. Legal/Ethics and Compliance is responsible for grievance mechanism. • EHSQ is responsible for leading the EHSQ Community and to develop and maintain Kemira's EHSQ vision, strategy and development roadmaps for the segments and functions within Kemira. • PSRA function is responsible for safety documentation and product registrations processes and implementation. • Line organizations are accountable and responsible for EHSQ and product safety compliance within their organizations. Line organizations are accountable and responsible for EHSQ and product safety within their organizations.
Specific actions (processes, programs, projects, initiatives)	Corporate level, global activities: • Code of Conduct training provided for all employees during 2013 • Ethics and Compliance hotline was launched and made available to all Kemira employees in 2013 • Kemira Group Compliance program has been initiated to further develop compliance management • New EHSQ vision, policy, strategy 2013–2020, new targets 2013–2020, new set of KPI's and five standards developed in 2013

Evaluation of management approach	Improvements in management approach in 2013: • Organizational role and position, Director Ethics and Compliance established • Sustainability topics in greater role in the agenda of Kemira Internal Audit • EHSQ: Several new KPI's introduced and monitored and integrated management system introduced in Europe
Focus area: Responsible supply chain	
Material aspects and reported indicators (Note: materiality is described in G4-18)	• Supplier assessment (EN32, LA14, HR10, SO9) • Emissions (EN17) – Scope 3 related to supply chain • Transport (EN30)
Description of management approach	Management approach is intended to minimize negative economic, environmental and social impacts, and develop responsible business practices in the supply chain.
Policies	• Kemira Code of Conduct (2012) • Code of Conduct for Suppliers, Distributors and Agents (2012) • EHSQ policy (2013) • Sourcing & Procurement Policy (2012) • Kemira Global Travel Policy (2010)
Goals and targets	• Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) • Supplier performance evaluation program See details in the table Corporate responsibility targets in the section Our focus areas.

Responsibilities	• Head of Sourcing and Procurement is responsible for the implementation of the Code of Conduct for Suppliers, Agents and Distributors (CoC-SDA), suppliers performance evaluation program and the Scope 3 part for business travel. Responsibilities are connected to performance evaluation and incentive plan with KPI related to Supplier Relationship program including Supplier Performance Evaluation and supplier assessments.
	• The negotiating Sourcing Managers, who are in contact with the suppliers, have the responsibility to systematically discuss the sustainability related topics with the business partners. Responsibilities are connected to performance evaluation and incentive plan with following KPI's:
	  • Training has been organized on how to implement CoC-SDA on purchase orders and contracts
	  • CoC-SDA is posted on the Kemira web page as well as at Kemira intranet
	  • CoC-SDA is attached to contracts that can be found on Harmony, Kemira contract database
	• Head of logistics is responsible for transportation EHS, and Scope 3 for transportation

Resources	• Sourcing & Procurement (in Finance and Accounting function) • Supply Chain Management function
Specific actions (processes, programs, projects, initiatives)	Corporate level, global activities: • Introducing the Code of Conduct for Suppliers, Distributors and Agents to all new and renewed contracts • Supplier Performance Evaluation (SPE) program initiated • Supplier assessments as part of the SPE program initiated to cover the most critical and risky vendors
Evaluation of management approach	Improvements in management approach in 2013: • CoC-SDA published and incorporated in all relevant supplier relationships • Supplier Performance Evaluation (SPE) process initiated • Head of Sourcing and Procurement personally involved

Focus area: Responsibility for employees	
Material aspects and reported indicators (Note: materiality is described in G4-18)	• 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 assessement (HR9)
Description of management approach	Management approach is to ensure that Kemira has the necessary know-how, strong leaders and engaged people to successfully execute its strategy. Focus is on enhancing positive impacts on human capital and respect on human rights, and to avoid, mitigate, or remediate any negative social impacts on labor practises, decent work and human rights.
Policies and commitments	Policies • Kemira Code of Conduct (2012) • EHSQ policy (2013) • Group Compensation Approval Policy (2013) • Group Recruitment Policy (2013) Commitments • Kemira's approach to labor practices and human rights is guided by the Kemira Code of Conduct which is in line with the OECD Guidelines for Multinational Enterprises • Kemira respects and supports the fundamental human rights as defined in the United Nations Universal Declaration of Human Rights • Kemira complies with the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
Goals and targets	• Performance management • Leadership development • Employee engagement • Occupational health and safety See details in the table Corporate responsibility targets in the section Our focus areas.
Responsibilities	• VP, Talent Development, is responsible for talent and leadership development as well as employee engagement. Responsibilities are connected to performance evaluation and incentive plan with a KPI related to leadership and talent management • Director, Compensations and Benefits is responsible for performance management process. Responsibilities are connected to performance evaluation and incentive plan with a PDD coverage KPI • Head of EHSQ (Environment, Health, Quality and Safety) is responsible for auditing and recognizing gaps versus safety/environmental legal requirements and internal standards, and to work as experts together with Kemira's organization to fill the gaps. Responsibilities are connected to performance evaluation and incentive plan with the KPI "EHSQ vision, policy and standard development"
Resources	Human Resources function EHSQ function – occupational safety Line organizations are responsible and accountable for EHSQ and product safety within their organizations

Specific actions (processes, programs, projects, initiative	Corporate level, global activities: • Performance and development discussions (PDD) established as an elemental part of the performance development process. Regular performance and career development reviews (PDDs) are in place in all countries where Kemira is present • Leadership development: Leadership position requirements have been defined as part of Kemira's job architecture. Leadership competencies have been defined for all three leadership levels. Leadership assessment for senior and mid-level leaders has been designed and implemented, resulting to a development of a leadership development portfolio which is being implemented according to annual plan • Employee engagement: Global employee engagement survey is in place and organized every 2 years. Action plans based on the results are being developed. • Occupational safety: Kemira aims at having all of its sites certified in accordance with the OHSAS 18001 standard. At the end of 2013, OHSAS 18001 certification covered globally 55% of all locations and 69% of all manufacturing sites • New EHSQ strategy, 'Kemira Care initiative', is under implementation.
Evaluation of management approach	Improvements in management approach in 2013: • HR management's role and responsibilities related to social responsibility clarified • Global processes for employee related data management established. Tools enabling consistent execution of people processes (e.g. talent management, learning management, compensation management) are being implemented • Introduced standards to improve safety of employees • Measuring TRI for both Kemira employees and contractors
Focus area: Responsible manufacturing	
Material aspects and reported indicators (Note: materiality described in G4-18)	• Materials (EN1, EN2) • Energy (EN3, EN5, EN6) • Water (EN8, EN10) • Emissions (EN15, EN16, EN18, EN19, EN20, EN21) • Effluents and waste (EN22, EN23; EN24; EN25) • Environmental expenditures and investments (EN31) • Environmental compliance (EN 29)
Description of management approach	Management approach is intended to avoid, mitigate, or remediate negative impacts of Kemira's manufacturing operations on the environment and climate, and enhance positive impacts on society.
Policies	• Kemira Code of Conduct (2012) • EHSQ policy (2013) • Internal EHSQ management guidelines in place at most of the European plants
Goals and targets	• Climate change target introduced • Water efficiency targets See details in the table Corporate responsibility targets in the section Our focus areas. In addition to the corporate responsibility targets set on the Group level, Kemira sets environmental targets at the plant level.
Responsibilities	• Head of manufacturing at each segment is responsible for energy and water efficiency, reductions of emissions and waste, effective usage of materials and safety. Responsibilities are connected to performance evaluation and incentive plan with KPI's related to occupational and process safety and energy efficiency • Head of EHSQ (Environment, Health, Safety and Quality) is responsible for auditing, and recognizing gaps versus safety/ environmental legal requirements and internal standards, and to work as experts together with Kemira's organization to fill the gaps. Responsibilities are connected to performance evaluation and incentive plan with the KPI "EHQS vision, policy and standard development" • Sourcing and Procurement / Sourcing managers are responsible for purchasing of materials • Sourcing and Procurerement is responsible for purchasing of energy.

Resources	Manufacturing units, Sourcing and Procurement function, Supply Chain Management, EHSQ function, line organization in manufacturing sites
Specific actions (processes, programs, projects, initiatives)	Corporate level, global activities: • E3 Energy Efficiency Enhancement program • LEAN manafacturing project was established to improve manufacturing efficiency and reduce waste (waste in this case means unnecessary extra resources, bureaucracy and time) • Certification of manufacturing sites continues. Kemira aims to have all sites certified in accordance with the ISO 9001, ISO 14001 and OHSAS 18001 standards. At the end of 2013, the coverage of certified manufacturing sites was:

		ISO 9001		ISO 14001		OHSAS 18001	
	Total	#	%	#	%	#	%
Manufacturing	59	48	81	44	75	41	69
EMEA	32	30	94	28	88	25	78
North America	22	14	64	14	64	14	64
South America	3	3	100	2	67	2	67
APAC	2	1	50	0	0	0	0

	• Process safety standard developed in 2013 and will be launched in 2014
Evaluation of management approach	Improvements in management approach in 2013: • Manufacturing community and EHSQ community were established to facilitate collaboration across organizations units and countries • Introduction of five new EHS standards in 2013 and more standards to be introduced in 2014

Focus area: Sustainable products and solutions	
Material aspects and reported indicators (Note: materiality is described in G4-18)	• Products and services (EN27, EN28) • Customer health and safety (PR1, PR2) • Product and service labelling (PR3, PR4) • Marketing communication (PR6) • Product compliance (PR9)
Description of management approach	Management approach is intended to enhance positive indirect impacts of Kemira's products, and to avoid, mitigate, or remediate negative impacts on environment, people, and society over the whole product life-cycle. The aim is to ensure that all of Kemira's products are safe for Kemira's employees, value chain partners and customers, and that appropriate registration, documentation, and labeling is provided.
Policies	Kemira Code of Conduct (2012) Employee invention policy (2009) Policy on intellectual property rights (2009) Guideline for trademark use and registration (2011) EHSQ policy (2013)
Goals and targets	Sustainability aspects to be evaluated in 100% of New Product development (NPD) projects by the end of 2015 See details in the table Corporate responsibility targets in the section Our focus areas Other goals: 100% compliance with product regulatory requirements
Responsibilities	• Senior Manager Process development, R&D and Technology is responsible for NPD process development. Responsibilites are connected to performance evaluation and incentive plan with the KPI of R&D projects completed as planned (including sustainability checks made at each Gate of the NPD process) • Head of PSRA (Product Stewardship and Regulatory Affairs) is responsible for necessary documentation for product registrations and regulatory compliance
Resources	• The R&D and Technology function is responsible for all R&D activities in Kemira Group and coordinates the NPD process activities across organizational units. • PSRA function is responsible for necessary documentation for product registrations and regulatory compliance.
Specific actions(processes, programs, projects, initiatives)	Corporate level, global activities: • Sustainability criteria defined and implemented in the New Product Development (NPD) process. • Sustainability reviews required at every stage of the New Product Development (NPD) process before proceeding to the next stage in order to ensure that all sustainability criteria are identified at the earliest stage. The process also aims to identify less hazardous and more sustainable alternatives for raw materials. • Product regulatory compliance according to all relevant legislations such as REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), and GHS (Globally harmonized System of Classification and Labelling of Chemicals).
Evaluation of management approach	Improvements in management approach in 2013: • Sustainability criteria of NDP process being developed, training of project teams for sustainability evaluation • "One label"- project initiated to ensure compliance with upcoming GHS classification • Site audits for material safety data initiated • PSRA and EHSQ reporting to the same EVP for total safety management • Improvement of Kemira's ERP system initiated to ensure improved product safety data management

Focus area: Responsibility towards the local communities where we operate	
Material aspects and reported indicators (Note: materiality is described in G4-18)	Local communities (SO_1, SO_2)
Description of management approach	The management approach is intended to create a positive image of Kemira's operations in the communities where we operate. Focus is on ensuring that Kemira has a continuous dialogue with local communities to understand and have activities in place to respond to their needs, concerns and expectations, and providing opportunities for Kemira employees to participate in local community initiatives.
Policies	Kemira Code of Conduct (2012) Group Sponsorship and Donation Policy (2013) EHSQ policy (2013)
Goals and targets	The responsibility target of community involvement is that by 2015, each Kemira siteemploying over 50 people would have participated in a local community involvement initiative at least once. See details in the table Corporate responsibility targets in the section Our focus areas
Responsibilities	• Site management is responsible for local activities • Communication & Corporate Responsibility function is responsible for global guidelines, coordination and reporting Responsibilities are connected to performance evaluation in some regions.
Resources	All Kemira operating sites
Specific actions (processes, programs, projects, initiatives)	Corporate level, global activities: • Activities are coordinated globally on Kemira Group level but activities are planned and implemented locally on site level. • Some examples of local activities are open house days for community residents at manufacturing sites, cooperation with local schools and universities, local sponsorships and donations.
Evaluation of management approach	Improvements in management approach in 2013: • Global guidance developed for activity planning of local community events • Group Sponsorship and Donation Policy (2013)

GRI report

Economic performance indicators

ECONOMIC PERFORMANCE

EC1: Direct economic value generated and distributed

For Kemira's economic value generated and distributed, please see Economic responsibility.

G4-EC3: Coverage of the organization's defined benefit plan obligations

Coverage of the organization's defined benefit plan obligations can be found in Notes to the Consolidated Financial Statements 23: Defined benefit plans.

Percentage of salary contributed by employee or employer and the level of participation in retirement plans are defined according to the local legislation and practices.

G4-EC4: Financial assistance received from government

Information about financial assistance received from governments can be found in the Notes to the Consolidated Financial Statements 4: Operating expenses.

GRI report

Responsible business practices

ANTI-CORRUPTION

G4-SO3: Total number and percentage of operations assessed for risks related to corruption and the significant risks identified

Corruption risks were evaluated through Internal Audit survey and internal audits. The internal audit survey was conducted with global coverage and the results of the annual survey were taken into account in preparing the annual audit plan. Based on the revenue generated in locations subject to audit, approximately 91% of the operations were assessed for risks related to corruption. Number of assessed operations is not relevant as Kemira evaluates corruption based on processes and it might cover transactions done is several locations.

No significant risks related to corruption were identified through the risk assessment.

G4-SO4: Communication and training on anti-corruption policies and procedures

Anti-corruption is dealt with both in the Code of Conduct and also in the Kemira Group Gifts, Entertainment and Anti-Bribery Policy. Both documents have been communicated to all (4453) employees through Kemira's intranet, and the CoC is also publicly available.

There is no specific training on anti-corruption, but the topic is covered in the Code of Conduct training, which is provided to all Kemira employees. 90% of our active personnel (excluding employees who are in the scope of divested businesses) received training during 2013 either via interactive e-learning tool or on-site classroom training organized in collaboration with site management and local HR and legal functions. The remaining 10% (from different employee categories and regions) will receive the training in 2014.

The Board approves the Code and therefore sets the framework in Kemira concerning anti-corruption. No specific training has been provided to the Board.

Kemira's business partners are required to sign the Kemira Code of Conduct for Suppliers, Agents and Distributors (CoC-SDA). The CoC-SDA states that Kemira expects its business partners to adhere to local legislation and avoid corruption in all its forms. In total 174 Kemira's suppliers (36% of all Kemira's suppliers) have signed the CoC-SDA by year-end 2013.

G4-SO5: Confirmed incidents of corruption and actions taken

There have been no confirmed incidents of corruption or public legal cases regarding corruption during 2013.

PUBLIC POLICY

G4-SO6: 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 2013.

ANTI-COMPETITIVE BEHAVIOUR

G4-SO7: Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

At Kemira, there were no pending or completed legal actions initiated under national or international laws designed for regulating anti-competitive behavior, anti-trust, or monopoly practices in 2013. However, Kemira is a defendant in 3 legal proceedings in which damages are sought for violations of competition law. Such proceedings are described in Kemira's Financial Statements under the heading Litigation.

COMPLIANCE

G4-SO8: 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 have come to Kemira's attention during 2013.

For monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services, please see PR9, and concerning environmental laws and regulations, see EN29.

GRIEVANCE MECHANISMS

G4-EN34: Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms

There were in total two grievances about environmental impacts filed through formal grivance mechanisms, both of which were addressed and resolved during the reporting period. There were no cases of grievances about environmental impacts filed prior to the reporting period that would have been resolved during the reporting period.

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.

G4-HR12: Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms

There was one case of internal discrimination filed through formal grievance mechanisms during the reporting period, which was addressed and resolved during the reporting period. One grievance about human rights impacts filed prior to the reporting period was resolved during the reporting period.

G4-SO11: 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 during the reporting period, nor grievances filed prior and resolved during the reporting period.

GRI report

Responsible supply chain

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

G4-EN30: Transport impact, tCO_2e[1]	2013	2012
Upstream transportation and distribution	134,129	151,496
Downstream transportation and distribution	369,157	368,879
Business travel	11,250	11,789
Employee commuting	13,754	14,998
Total transport	528,289	547,162
Total Scope 3 emissions	2,696,340	2,676,984
Transport as percentage of total Scope 3 emissions	20%	20%

[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.

To mitigate the environmental impact of the supply chain, the optimization of logistics is one of the key measures. Kemira encourages its logistics service partners to use at minimum Euro 4 compliant transport equipment. Kemira's target is to move on to the Euro 5 requirements starting from January 1, 2015.

Kemira has also focused its attention on load optimization, e.g. by sending full truck loads on the roads. Furthermore, the tendering process has led the logistics service providers to look for back haul arrangements. Also the new logistics IT system, which already has been in use in Kemira's North American operations, supports Kemira's target of load optimization. The logistics IT system was implemented in Europe during 2013.

To mitigate the environmental impact from business travel the investments on video and online meeting facilities are targeted to minimize the business travel between Kemira locations.

SUPPLIER ASSESSMENT

G4 indicators EN32, LA14, HR10, SO9: Percentage of new suppliers that were screened using environmental criteria, labor practices criteria, human rights criteria and criteria for impacts on society

Kemira is committed to conducting business ethically and sustainably, and expects its suppliers to do the same. Each supplier under contract is required to sign the Kemira Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA), or to comply with the CoC-SDA requirements through their own Code of Conduct in case it is more stringent. Our CoC-SDA covers topics related to business integrity, fair and ethical business conduct, respect of human rights, provision of decent working conditions and protection of the environment. 59% of the suppliers contracted in 2013 have signed the CoC-SDA. In total 36% of all Kemira's suppliers have signed the CoC-SDA by year-end 2013, although we only targeted for 25%.

Kemira has also initiated a supplier assessment process as part of the supplier performance evaluation (SPE) program. The assessment process includes a specific assessment of the most risky and critical vendors by assessing the supply risk, business impact and market availability, as well as sustainability topics, such as responsible care, compliance with legislation, compliance with industrial standards to protect the people and environment, labor practices and human rights.

The SPE program includes top 5 spend suppliers per sourcing line and low performing suppliers that represent 47% of our total spend in 2013 and 80% of our direct purchases.

The supplier assessment (or supplier audit) covered 29 suppliers in 2013.

EMISSIONS

G4-EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)

G4-EN17: Greenhouse gas emissions from Kemira's value chain		
tCO_2e	2013	2012
Purchased goods and services	1,197,058	1,148,100
Capital goods	278,097	274,203
Fuel and energy related activities	216,265	218,518
Upstream transportation and distribution	134,129	151,496
Waste generated in operations	50,012	16,083
Business travel	11,250	11,789
Employee commuting	13,754	14,998
Upstream leased assets (leased offices)	11,671	17,014
Downstream transportation and distribution	369,157	368,879
End-of-life treatment of sold products	412,693	422,013
Total	2,676,984	2,696,340

See also the table Summary of greenhouse emission indicators in the section Responsible manufacturing: Climate change.

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 CO_2 equivalents which includes CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3. 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.

GRI report

Responsibility for employees

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 2013 was 431, out of which 33% were female and 67% male.

In 2013, employee turnover rate was 16.1% against the 11.3% in 2012.The turnover was impacted by organizational changes driven by strategy implementation and related restructuring activities and redundancies. The turnover rate was highest in South America (32.9%) and lowest in NAFTA (10.1%).

TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES

G4-LA1: New employee hires w/o aquisitions 2013

Age group	Number of new hires	% of total new hires
<30	201	46.6
30-50	196	45.5
>50	34	7.9
Total	431	100.0

G4-LA1: New employee hires w/o aquisitions 2013

Gender	Number of new hires	% of total new hires
Female	141	32.7
Male	290	67.3
Total	431	100.0

G4-LA1: New employee hires w/o aquisitions 2013

Region	Number of new hires	% of total new hires
APAC	42	9.7
EMEA	239	55.5
NAFTA	104	24.1
SA	46	10.7
Total	431	100.0

TOTAL TURNOVER

G4-LA1: Total turnover by age group

Age group	Turnover	Turnover, %
<30	77	11.9
30-50	357	14.6
>50	281	20.8
Total	715	16.1

G4-LA1: Total turnover by gender

Gender	Turnover	Turnover, %
Female	198	17.0
Male	517	15.7
Total	715	16.1

G4-LA1: Total turnover by region		
Region	Turnover	Turnover, %
APAC	62	18.2
EMEA	445	17.1
NAFTA	130	10.1
SA	78	32.9
Total	715	16.1

VOLUNTARY TURNOVER

G4-LA1: Voluntary turnover by age group		
Age group	Voluntary turnover	Voluntary turnover, %
<30	35	5.4
30-50	147	6.0
>50	23	1.7
Total	205	4.6

G4-LA1: Voluntary turnover by gender		
Gender	Voluntary turnover	Voluntary turnover, %
Female	64	5.5
Male	141	4.3
Total	205	4.6

G4-LA1: Voluntary turnover by region		
Region	Voluntary turnover	Voluntary turnover, %
Asia Pacific	34	10
EMEA	96	3.7
North America	57	4.4
South America	18	7.6
Total	205	4.6

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 by regional and country specific market practices. In most European countries the same benefits are offered to full-time and part-time employees. Some exceptions apply, for example sickness fund in Finland is offered to full-time employees with more than one year contract. In APAC, temporary employees are eligible only to mandatory benefits as it is a market practise. In North America the eligibility of benefits varies, in USA employees are eligible if they work minimum 20 hrs and in Canada 24 hrs. The benefits are the same for all benefits eligible employees. The amount of employees not receiving benefits is low (in NA total 2 persons, in APAC 5 persons).

Benefit practices are country specific and are not related to individual locations of operations.

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 consultation process related to operational changes varies a lot by country and region.

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

As of 2013, Kemira will only report TRI (Total Recordable Injuries per million working hours).

TRI per million work hours is composed of three indicators:

- Lost time Injuries (LTA1)
- Restricted work cases
- Medical treatment cases

G4-LA6: Occupational Health and Safety indicators

	2013	2012	2011	2010	2009
Number of Lost Time Injuries per million working hours, LTI[1]		2.3	2.7	3.1	3.5
Total Recordable Injuries, TRI[2]	7.1	8.5			
Total Recordable Injuries by regions, TRI[2]					
EMEA	9.2				
NA	5.1				
SA	7.4				
APAC	0.0				

[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 will only report TRI. TRI per million work hours = Lost Time Injuries (LTA1) + Restricted work cases + Medical treatment cases, 1 year rolling average. Numbers include Kemira personnel and Contractors

Kemira does not collect Incident data by gender, all injuries are treated in a simmilar way independent of gender.

TRAINING AND EDUCATION

G4-LA9: Average hours of training per year per employee by gender, and by employee category

Training registers are currently managed locally, so the information of training hours is not available for global reporting. Kemira is implementing a global learning management system, that will allow visibility of training offering to employees, and when completed, it will enable full reporting of internal training activities.

G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Different kind of skills development and training programs as well as leadership development programs (internal and external) are provided to all employees to support employee development, such as:

- Induction program to new hires to understand the business, organization, company culture, policies (including the Kemira Code of Conduct), procedures and processes
- On-the-job training to enhance the technical/ professional competency
- Internal training programs that are customized based on Kemira business, for example Water School, Paper College
- Training that gives an opportunity to validated certificates and diplomas in manufacturing
- External trainings are also used in competency and leadership development. Training costs are paid by the company. Employees can also be reimbursed for further education costs partly or fully, and study leaves are also available in many countries.

Outplacement services are provided in most regions when the terminations are the result of redundancies. In some European countries outplacement and other support activities are part of a social plan. Outplacement is not offered in APAC, as it is not relevant in that market. In some cases transition assistance programs are also offered in connection with retirement.

G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

All permanent white collar employees, who are not absent for an extended time period, because of leaves, for example, are covered by global performance and development discussion process. Blue collar employees have been covered partly in similar processes managed locally, but detailed data for coverage is not available for

2013. Starting in 2014, Kemira will implement global PDD process to cover all employees.

G4-LA11: Percentage of employees receiving regular performance and career development reviews			
	Total	Employees covered in Global PDD process	Coverage %
Female	1,060	816	77
Male	3,221	1,566	49
Total	4,281	2,384	56

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

G4-LA12: Management Board						
	Females	Female %	Male	Male %	Total	Total %
<30	0	0%	0	0%	0	0%
30-50	1	50%	4	44.4%	5	45%
>50	1	50%	5	55.6%	6	55%
Total	2	100%	9	100%	11	100%

G4-LA12: Board of Directors						
	Female	Female %	Male	Male %	Total	Total %
<30	0	0%	0	0%	0	0%
30-50	0	0 %	3	0 %	0	0%
>50	2	100%	3	100%	5	100%
Total	2	100%	3	100%	5	100%

G4-LA12: Percentage of employees by gender and age group						
	Female	Female %	Male	Male %	Total	Total %
<30	205	18%	441	13%	646	14%
30-50	710	61%	1,743	53%	2,453	56%
>50	249	21%	1,105	34%	1,354	30%
Total	1,164	100%	3,289	100%	4,453	100%

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

In 2013, Kemira implemented a global job structure, which 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. The factors impacting salary increase 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.

During 2013, mapping of individual positions and employees to job roles and gathering of salary data to global HRIS Human Resources Information System were almost finalized. The completion of job grade mapping and salary data gathering will allow evaluation, analysis, and implementation of equal remuneration.

NON-DISCRIMINATION

G4-HR3: Total number of incidents of discrimination and corrective actions taken

There was one incident of discrimination during the reporting period. The incident, which came through the official Kemira Ethics & Compliance reporting channel, was investigated by North American Human Resources. A remediation plan was implemented, and the results were reviewed through routine internal management review processes. As a result, the incident is no longer subject to action

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

As outlined in the Kemira Code of Conduct, Kemira complies with the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Kemira respects the right of all personnel to establish or join trade unions and other representative organizations.

A Code of Conduct training has been provided to all Kemira employees. See G4-56 for Code of Conduct training and G4-57 for Kemira Ethics and Compliance Hotline for internal reporting.

Kemira has not identified any violations of freedom of association and collective bargaining in own operations. Kemira has considered supplier related risks on labor rights, and no evidence has been found that suppliers would prohibit their employees' opportunities to exercise freedom of association and collective bargaining.

As no risks for violations of freedom of association and collective bargaining have been identified, no support measures have been taken.
Please see complementary general standard disclosure G4-11.

Please see complementary general standard disclosure G4-11.

HUMAN RIGHTS ASSESSEMENT

G4-HR9: Total number and percentage of operations that have been subject to human rights reviews or impact assessments

As outlined in the Kemira Code of Conduct, Kemira is committed to respect and support fundamental human rights as defined by the United Nations Universal Declaration of Human Rights. A Code of Conduct training has been provided to all Kemira employees. See G4-56 for Code of Conduct training and G4-57 for Kemira Ethics and Compliance Hotline for internal reporting.

Kemira has issued a separate Code of Conduct for Suppliers, Distributors and Agents, which sets expectations to business partners to respect human rights and provide employees with appropriate working conditions. See also EN32, LA14, HR10, SO9

In 2013, Kemira has identified that further development of human rights management requires a more detailed assessment of the implications of the UN Guiding Principles on Business and Human Rights on Kemira's business (risk assessment). Based on the results of the risk assessment, it can be evaluated if there are any business activities, operations or countries that should be subject to human rights review or human rights impact assessment. The risk assessment work will be initiated in 2014.

GRI report

Responsible manufacturing

MATERIALS

G4-EN1: Materials used by weight or volume

There is a slight decrease in the total weight of renewable materials between 2012 and 2013 as a result of a different mix of products sold and thus raw materials purchased. No change has occurred on the list of raw materials classified as renewable.

G4-EN1: Materials used by weight or volume		
	2013	2012
Total materials purchased	3.9 million tonnes	3.6 million tonnes
Renewable materials used	28 tons	30 tons
Share of renewable materials	0.73%	0.83%

G4-EN2: Percentage of materials used that are recycled input materials

Kemira is using a number of materials classified as waste or recycled material as raw material in its production. There is a slight decrease in the total weight of recycled or waste materials from external partners between 2012 and 2013 as a result of a different mix of products sold and thus raw materials purchased.

No change has occurred on the list of raw materials classified as recyclable.

G4-EN2: Percentage of materials used that are recycled input materials		
	2013	2012
Total materials purchased	3.9 million tonnes	3.6 million tonnes
Recycled or waste materials from external partners	911,000 tonnes	938,000 tonnes
Share of recycled materials	23%	26%

ENERGY

G4-EN3: Energy consumption within the organization

See Kemira's Energy Balance in the section Responsible manufacturing: Improving energy efficiency.

See Kemira's Energy data summary in the section Responsible manufacturing: Improving energy efficiency.

G4-EN5: Energy intensity

See the Kemira Energy data summary in the section Responsible manaufacturing: Improving energy efficiency.

G4-EN6: Reduction of energy consumption

See Kemira's Energy data summary in the section Responsible manufacturing: Improving energy efficiency.

WATER

G4-EN8: Total water withdrawal by source

See also the graph Water balance and the table Summary of water indicators in the section of Responsible manufacturing: Water efficiency.

G4-EN8: Total water withdrawal by source[1)]		
Process water, 1000m^3	2013	2012
• Surface water	1,482	1,794
• Ground water	417	763
• Rainwater	50	41
• Waste water from another organization	121	9
• Municipal water supplies	2,200	3,463
• Other	2,036	629
Total water withdrawal used as a process water	6,341	6,699
Cooling water, million m^3	2013	2012
• Surface water	146	131
• Ground water	2	3
• Rainwater	0	0
• Waste water from another organization	0	0
• Municipal water supplies	1	0
• Other	3	4
Total water withdrawal used as a cooling water	151	138
Total water withdrawal, million m^3	157	145

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

G4-EN10: Percentage and total volume of water recycled and reused

See also the graph Water balance and the table Summary of water indicators in the section of Responsible manufacturing: Water efficiency.

G4-EN10: Percentage and total volume of water recycled and reused[1)]		
1000m^3	2013	2012
Water recycled back in the same process	78	77
Water recycled in a different process, but within the same facility	58	128
Water reused in another facility	1,280	1,107
Total volume of water recycled and reused by the organization	1,422	1,312
Total volume of water recycled and reused as a percentage of the total water withdrawal reported under indicator G4-EN8	22%	20%

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

EMISSIONS

G4 indicators EN15, EN16, EN18 and 19: Direct greenhouse gas (GHG) emissions (Scope 1), energy indirect GHG emissions (Scope 2), GHG emissions intensity and reduction of GHG emissions

See the table Summary of greenhouse gas emission indicators in the section Responsible manufacturing: Climate change.

G4-EN21: NOx, SOx, and other significant air emissions

G4-21: NOx, SOx, and other significant air emissions[1)]					
tonnes	2013	2012	2011	2010	2009
Nitrogen oxides (NO_2)[2]	185	190	242	273	263
Sulphur dioxide (SO_2)[3]	122	116	153	168	1,015
Volatile organic compounds (VOC)[4]	685	742	665*	96	174
Volatile inorganic compounds (VIC)[5]	65	94	100	64	34
Particulates	16	21	23	19	58

G4-EN20: Emissions of ozone-depleting substances (ODS)

There were no emissions derived from ozone-depleting substances (ODS) at any of the Kemira sites in 2013.

Data was collected for the first time in 2013.

[1] The figures presented are based on data collected directly from Kemira's sites.
[2] Nitric oxide and nitrogen dioxide calculated as NO_2.
[3] All sulphur compounds are calculated as SO_2.
[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 for which Kemira was owner until 2011. VOC was evaluated and corrected for 2011 in 2012.

EFFLUENTS AND WASTE

G4-EN22:Total water discharge by quality and destination

G4-EN22: Total water discharge by quality and destination[1]		
Million m^3, approx.	2013	2012
Wastewater volume	2.1	2.4
External treatment	1.7	1.8
Own treatment	0.4	0.6

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

All recycled and reused water was used within Kemira's manufacturing locations.

See also the the graph Kemira water balance and the table Summary of water data in the section Water efficiency.

G4-EN23: Total weight of waste by type and disposal method

G4-EN23: Total weight of waste by type and disposal method 1)					
Waste, tonnes	2013	2012	2011	2010	2009
Hazardous waste, total	41,096	48,436	55,305	14,658	7,109
Off-site landfill 2)	1,359	1,024	10,037	9,079	2,621
Off-site incineration	3,858	1,933*	2,343	2,357	3,271
Off-site recycling	3,032	2,652	2,145		
Other off-site treatment	32,818	42,826**	40,681**	3,164	1,217
On-site incineration	29	1	99		
On-site landfill	0	0	0	59	0
Non-hazardous wastes, total	25,192	31,024	33,394	35,500	44,000
Off-site landfill	13,432	11,107	12,238		
Off-site incineration	5,674	1,482	1,451		
Off-site recycling	4,406	14,286	14,866		
Other off-site treatment	1,580	1,691	2,617		
On-site incineration	30	21	25		
On-site landfill	70	2,437	2,197		
Total waste disposal	66,288	79,460	88,699	50,158	51,109

[1)]Hazardous and non-hazardous wastes reporting for 2011-2013 is restated for all waste disposal methods in use at Kemira.

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

*2012 Data corrected due to more comprehensive data available in 2013.

** Volumes in 2013 redefined as "Hazardous waste other treatment" instead "Wastewater external treatment". Reporting restated for 2011 to 2012.

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

G4-EN24: Total number and volume of significant spills

There has been three significant spills during 2013 with a total volume of 26,500 kg.

These spills were not reported in Kemira's Financial Statements.

The three spills had no permanent or significant impact to 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 of the own country of the operating site was 2 tons in 2013, i.e. 0,005 % of the total amount hazardous waste (41,096 tonnes) was shipped internationally.

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

G4-EN31: Total environmental protection expenditures and investments by type					
EUR million	2013	2012	2011	2010	2009
Environmental capital expenditure	1.4	3.4	3.6	2.9	2.3
Environmental operating costs	11.8	14.2	12.7	12.8	14.9
Total environmental protection expenditures and investments	13.2	17.6	16.3	15.7	17.2
Group net sales	2,229	2,241	2,207	2,160	2,500
Total environmental costs, % of net sales	0.6	0.8	0.8	0.7	0.7

ENVIRONMENTAL COMPLIANCE

G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

Monetary value of significant finesfor non-compliance with environmental laws or regulations totalled EUR 42,000

There was one case of non-monetary sanction for non-compliance with environmental laws and regulations.

GRI report

Sustainable products and solutions

PRODUCTS AND SERVICES (EN27, EN28)

G4-EN27: Extent of impact mitigation of environmental impacts of products and services

Kemira’s business purpose is to enable customers to improve their water, energy and raw material efficiency. Kemira's product portfolio and application know-how enables customers to better manage their water intensive processes leading to decreased water and energy use and improved water end quality. Kemira products are used to mitigate the environmental impact of customers, that is to purify water, improve the utilization rate of natural resources and reduce energy in pumping of fluids.

In the development of new products and solutions, sustainability reviews are required at every stage of the New Product Development (NPD) process before proceeding to the next stage. This will ensure all sustainability criteria are identified and implemented at the earliest stage. The process also aims to identify less hazardous and more sustainable alternatives for raw materials.

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. The figures for 2011-2013 are restated due to more comprehensive data available in 2013.

G4-EN27: Water purified with Kemira products	
Year	Purified water million m^3
2000	2,300
2003	3,600
2006	7,800
2009	10,100
2010	10,700
2011	12,800
2012	13,100
2013	15,900

G4-EN28: Percentage of products sold and their packaging materials that are reclaimed by category

Kemira does not sell any reclaimed products, whereas we aim to reclaim as much of the packaging material as possible. When plastic or other material is used as a basis for packaging, Kemira strives to reclaim the material and thus minimize the use of virgin materials. Kemira is also using a third party service provider for returning packaging from the customers’ sites for reuse. Packaging that is returned to Kemira or to a third party from the customers is either reused or processed for recycling.

G4-EN28: Reclaimed packaging materials	2013	2012
Reconditioned IBC's *	20%	22%
Recycled liquid packages	5%	4%
* IBC=Intermediate Bulk Container		

The data for total purchased volumes of liquid packages, including IBC's, is received from Kemira ERP system/ Business Warehouse. The volume data on reclaimed and recycled IBC’s is obtained from the supplier of IBC containers. The data on recycled liquid packages is obtained from Kemira ERP system/Business Warehouse (except the data on recycled IBC's).

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 Responsible Care Initiative which forms the basis for our product stewardship.

Systematic health and safety related actions are carried out at manufacturing sites and within the product lines. By the end of 2013, 75% of manufacturing sites are certified to ISO14001 environmental management standard and 69% to OHSAS 18001 safety management standard. Moreover, 100% of services (for example operation services at customer site) are certified to these management standards. Management systems certified to ISO 14001 and OHSAS 18001 standard require constant performance improvement concerning health, safety and environmental impacts.

To secure the safety of raw materials, an RMQ (Raw Material Query) is required from all new raw material suppliers. Kemira's Supply Chain Management also maintains "Supplier Minimum Requirements" database.

Proactive measures for reduction of potential health hazards subject to anticipated future legislation have resulted in action plans related to 15% of our product lines. Sustainability and product regulatory compliance reviews are required for all product development projects at every stage of the New Product Development (NPD) process

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

Kemira has not detected any cases of non-compliance with regulations resulting in a fine, penalty or warnings. However, Kemira detected six incidents of non-compliance with voluntary codes, which are under discussion with authorities. Downstream customers have not reported any cases of health and safety related non-compliance.

PRODUCT AND SERVICE LABELLING

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 products and service categories subject to such information requirements

Kemira's product portfolio contains approximately 2,700 different products, and all of them are documented and labeled according to legal requirements, including identification of hazardous components. Kemira provides Material Safety Data Sheets for all products, whereas in most jurisdictions, only hazardous products need to be covered.

G4-PR3: Product and service information provided	Yes	No
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 Material Safety Data Sheets and on the Labels	
Safe use of the product or service	When legally required, safe use of the product or service is communicated in the MSDS's and on the Labels.	
Disposal of the product and environmental/social impacts	When legally required, disposal of the product and environmental/social impacts are communicated in the MSDS's and on the Labels.	
Other		

In addition to label and Material Safety Data Sheet information, more detailed information about the products and their raw materials are provided upon the request. Customers' information requests have more than doubled during 2013 up to about 400 customer queries per month.

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 in quality systems are actively monitored, evaluated and corrected as required by the quality management systems in use at Kemira.

During year 2013, there were 116 incidents of customer complaints related to labeling. Main causes for these were mostly found in distribution (54 cases) and warehousing (29 cases). The most typical incident was that a wrong label had been used in packaging. Handling of 17 cases was not completed by year end.

During year 2013, there were 8 incidents related to "non compliance with regulations"
Main causes for these were mostly found in logistic carriers (4 cases). The most typical incident was related to temperature during transport. Handling of all cases were completed by year-end.

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

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 of stakeholder questions or public debate:

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 crisis metals.

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

During 2013, all non-compliance penalties of approximately EUR 600,000 happened in the USA.

- Kemira Chemicals, Inc. paid a civil penalty of $ 301,600 under the FIFRA Consent Agreement Case from year 2006.
- Kemira Water Solutions, Inc. paid a civil penalty of $ 503,110 under a TSCA Consent Agreement; Case from year 2012

The cases have been concluded in 2013.

GRI report

Responsibility towards the local communities where we operate

LOCAL COMMUNITIES

G4-SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programs

48% of Kemira's sites have participated in local community activities during 2013.

G4-SO2: Operations with significant actual and potential negative impacts on local communities

Some of Kemira's sites are located in the vicinity of residential areas. Thus, incidents involving leakage of chemicals could have a negative impact on both the safety and environment of local communities. Kemira conducts environmental impact assessments and emission monitoring in every manufacturing site as defined by the regulatory requirements, ISO 14001 management system and Kemira internal standards. The assessments monitor environmental performance of the site and its impact on the surrounding communities. Additionally, each Kemira site has appropriate contingency plans in place to ensure the safety of surrounding communities. This is done in close cooperation with local environmental authorities. To enhance 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 (end of 2013: 59 sites). A new three-level ranking system determines the internal Kemira requirements and frequency of audits for each site: higher ranking meaning higher requirements.

Environmental classification results 2013:

- High-ranking sites: 29%
- Medium-ranking sites: 27%
- Low-ranking sites: 44%

We take preventive actions and mitigation measures proactively for the operations that involve potential negative impacts on the local communities.

To further enhance environmental and process safety management, a new Process Safety Management Standard is currently being finalized and will be implemented starting Q2 2014.

In addition to continuous safety and risk management work, Kemira focuses on a continuous dialogue with local communities to understand and implement activities to respond to their needs, concerns and expectations, and providing opportunities for our own employees to participate in local community initiatives.

GRI report

Independent limited assurance report

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, 2013 to December 31, 2013. The information subject to the assurance engagement is the Corporate Responsibility section of the Kemira Report 2013 (hereafter: Responsibility Information) that management intends to publish on www.kemirareports.com.

Management's responsibility

Management is responsible for the preparation of the Responsibility Information in conformity with 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 .

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 within the Responsibility Information. This requires that we plan and perform the engagement to obtain required level of assurance about whether the Responsibility Information is free of material misstatement. In addition we have reviewed whether the Responsibility Information has been prepared in accordance with the Sustainability Reporting Guidelines (G4 Core) of the Global Reporting Initiative.

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 sustainability 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 China, Sweden and Germany 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 and;
- 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.

Helsinki 10.2.2014

Jukka Vattulainen

Authorized Public Accountant

Lasse Ingström

Authorized Public Accountant

Deloitte.

"This independent assurance provider's statement gives no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since signing this assurance statement. These matters are the responsibility of the management but no control procedures can provide absolute assurance in this area."

Governance

Board of Directors

JUKKA VIINANEN

Chairman, b. 1948, M.Sc. (Tech)

A member of the Kemira Oyj Board of Directors since 2008

Positions of trust:
Valmet Oyj, Chairman of the Board since 2013

Past positions of trust:
Metso Oyj, Member of the Board 2008-2009, Chairman of the Board, 2009–2013
Lahden Seudun Kehitys LADEC Oy, Chairman of the Board 01–05/2013
Lahden Alueen Kehittämisyhtiö Oy - LAKES, Chairman of the Board, 2009–2012
Rautaruukki Oyj, Chairman of the Board, 2001–2009
Kronans Droghandel AB, Chairman of the Board, 2002–2005
Huhtamäki Oyj, Member of the Board, 1999–2005
State Research Institute, Chaiman of the Board, 1994–2002
Uponor Oyj (former Asko Oyj), Member of the Board, 1993–2001
Lassila & Tikanoja Group Oyj, Member of the Board, 1993–2001
Neste Oyj, Vice Chairman of the Board, 1996–1999
Neste Oyj, Member of the Board, 1990–1996

Career history:
President and CEO of Orion Oyj, 2000–2007
President and CEO of Neste Oyj, 1997–1999
Executive and Board positions in Neste Oyj, 1983–1999

JARI PAASIKIVI

Vice Chairman, b. 1954, M.Sc. (Econ.)

Oras Invest Ltd, CEO since 2006

A member of the Kemira Oyj Board of Directors since 2012

Positions of trust:

Uponor Corporation, Chairman of the Board since 2008
Tikkurila Oyj, Chairman of the Board since 2010
Kemira Oyj, Member of the Nomination Committee since 2009
Oras Ltd, Chairman of the Board since 2013
Varma Mutual Pension Insurance Company, Member of the Board since 2014
Varma Mutual Pension Insurance Company, Member of the Supervisory Board since 2012
Technology Industries of Finland, Chairman of the Board since 2012
Confederation of Finnish Industries, Member of the Board since 2013

Past positions of trust:

Finland Central Chamber of Commerce, Member of the Board, 2004–2011
Rauma Chamber of Commerce, Member of the Board, 1995–2007

Career history:

President and CEO, Oras Ltd, 2002–2007
Managing Director, Oras Ltd, 1994–2001
Plant Director, Oras Ltd, 1989–1994
Marketing Manager, Oras Armatur A/S, Norway, 1987–1989
Marketing Manager, Oras Ltd, 1983–1986

JUHA LAAKSONEN

b. 1952, B.Sc. (Econ.)

A member of the Kemira Oyj Board of Directors since 2007

Positions of trust:
Sponda Plc, Member of Board since 2013
Taaleritehdas Plc, Member of the Board since 2013
Sato Oyj, Chairman of the Board since 2007
The Association of Finnish Fine Arts Foundations, Chairman of the Board since 2012
The Fortum Art Foundation, Chairman of the Board since 2006

Past positions of trust:
Kemijoki Oy, Member of the Supervisory Board 2002–2013
Teollisuuden Voima Oy, Member of the Board, 2003–2010
Tapiola Mutual Insurance Company, Member of the Supervisory Board 2002–2007
Neste Oil Oyj, Member of the Board, 2005–2007
Fortum Pension Fund, Chairman of the Board, 2001–2005

Career history:
Executive Vice President and CFO, Fortum Corporation 2000–2012
Fortum Oyj, Vice President, Mergers & Acquisitions, 2000
Fortum Oil & Gas, Executive Vice President, Finance & Planning, 1999
Neste Oyj, Chief Financial Officer, 1998–1999
Neste Oyj, Corporate Controller, 1997–1998

KERTTU TUOMAS

b. 1957, B.Sc. (Econ.)

KONE Corporation, EVP, Human Resources a member of the Executive Board since 2002

A member of the Kemira Oyj Board of Directors since 2010

Positions of trust:
Member of CEMS Strategic Board (the Global Alliance in Management Education) since 2008

Past positions of trust:
JTO School of Management, Member of the Board, 2007–2013

Career history:
Elcoteq Network Corporation, Group Vice President, Human Resources, 2000–2002
Masterfoods Oy, Personnel & Organization Manager, 1994–1999

WINNIE FOK

b. 1956, BCom

Foundation Administration Management Sweden AB, Senior Advisor since 2013

A member of the Kemira Oyj Board of Directors since 2011

Positions of trust:

HOPU Investments Co., Ltd., Member of the Board since 2013
Skandinaviska Enskilda Banken AB, Member of the Board since 2013
Volvo Car Corporation, Member of the Board since 2010
G4S plc, Member of the Board since 2010

Past positions of trust:

Aktiebolaget SKF, Member of the Board, 2004–2013

Career history:

Investor AB, Senior Advisor, 2010–2012
Husqvarna AB, Senior Advisor, 2010–2012
EQT Partners Asia Limited, Chief Executive Officer / Senior Partner 2001–2010, Managing Director 2000–2001
CEF New Asia Partners Limited, "CEFNAP", Managing Director, 1998–1999
Peregrine Direct Investments Limited, PDIL, Director and Co-head, 1994–1998
Strategic Assets International Limited, Director, 1988–1994

ELIZABETH ARMSTRONG

b. 1947, Ph.D.

Member of the Board (until March 26, 2013)

Management Board

WOLFGANG BÜCHELE

President and CEO as of April 1, 2012

Chairman of the Management Board as of April 1, 2012

Born 1959, Dr. rer. nat.

With Kemira, Member of the Board of Directors, 2009–03/2012

Career history:

Member of the Board and Chief Executive Officer of BorsodChem Zrt., 2009–2011
Senior Advisor of Permira Beteiligungsberatung GmbH., 2008–2011
Project Advisor, Blackstone Group LLP, 2008
BASF AG, various positions, 1987–2007:
- President Fine Chemicals Division, 2005–2007
- President Performance Chemicals Division, 2003–2005
- President Eastern Europe, Africa, West Asia Regional Division, 2001–2003
- Group Vice President Business Management Fine Chemicals Europe, 1999–2001
- Director Global Marketing Cosmetic Raw Materials, 1997–1999
- Director Regional Marketing Catalysts Asia, 1993–1997
- Head of Research Group Industrial Catalysts, 1990–1993
- Research Chemist, 1987–1993

Positions of trust:

Merck KGaA, Member of the Supervisory Board since 2009
E. Merck KG, Member of the Board of Partners since 2009

PETRI HELSKY

President, Segment Paper

Member of Management Board

Born 1966, M.Sc. (Chem. Eng.), M.Sc. (Econ.)

With Kemira since 2007

Career history:

Kemira Oyj, President, Region EMEA, 10/2012–04/2013
Kemira ChemSolutions, Senior Vice President, SBU Manager, 2007–2008
Kemira ChemSolutions b.v., Managing Director, 2007–2008
Solvay SA, Business Manager H2O2 EMEA, 2002– 2007
Oy Finnish Peroxides Ab, Managing Director, 1997–2002
Solvay Nordic Ab, General Manager, 1996–1997
Solvay Nordic Ab, Sales Manager, 1993–1996
Dow Corning, Sales Responsible, 1992–1993

RANDY OWENS

President, Segment Oil & Mining and Region NAFTA

Member of Management Board

Born 1964, B.Sc. MBA

With Kemira since 2002

Career history:

Kemira Oyj, Kemira Pulp&Paper, Vice President, Strategic Business Unit Additives, 2002–2008
Vinings Industries, Business Manager, Sales/Product Management/Marketing Management, 1991–2002
Nalco Chemicals, Sales, 1987–1991

HANNU VIROLAINEN

President, Segment ChemSolutions and EHSQ/PSRA

Member of Management Board

Born 1963, M.Sc. Economics, M.Sc. Agriculture

With Kemira since 1989

Career history:

Kemira Oyj, President, Segment Municipal & Industrial 2011–04/2013
Kemira Oyj, Senior Vice President, Customer Segment Industrial, 2009–2011
Kemira Oyj, President, BA Specialty, 2008–2009
Kemira Oyj, Vice President, BU WS Fertilizers, 2004–2008
Kemira GrowHow Oy, Executive Vice President, SBU Specialty Crop Care, 1999–2004
Kemira Agro Oy, Vice President, Supply Chain and IT, 1995–1999
Kemira Agro Oy, Sales, analytical and operational management positions, 1989–1994

Positions of trust:

Viestintätoimisto Pohjoisranta Oy, Vice Chairman of the Board, 2011–03/2012
Viestintätoimisto Pohjoisranta Oy, Chairman of the Board, 2005–2010

FRANK WEGENER

President, Segment Municipal & Industrial and Region EMEA

Member of Management Board

Born 1962, PhD (Technical Chemistry)

With Kemira since 1998

Career history:

Kemira Oyj, President, Segment ChemSolutions, 2005–04/2013
Kemira ChemSolutions bv, Managing Director, 2005–02/2013
SBU Chemidet, Manager, 2004–2005
Kemira Chemie GmbH, Managing Director, 1998–2007
Arco Chemical Company (today: Lyondell Basell), 1995–1998:
  Sales Manager, 1997–1998
  Senior Sales Representative, 1995–1997
Safechem GmbH (Subsidiary of Dow Chemicals), Technical Sales Representative, 1993–1995
Janssen GmbH (Johnson & Johnson), Sales Representative, 1992–1993

JOE CHAN

President, Region Asia Pacific

Member of Management Board

Born 1956, Executive MBA degree from CEIBS

With Kemira since 2011

Career history:

Kemira Chemicals (Shanghai) Co. Ltd., Vice President, Head of Asia Pacific, 2011–2012
Bauhinia International Limited, General Manager, 2008–2011
Fujian Fynex Textile Limited, CEO,2006–2007
Ciba Region China (China, Taiwan, Hong Kong) Segment Head for Paper Chemicals, 2004–2006
Ciba Region China (China, Taiwan, Hong Kong) Segment Head for Water Chemicals, 2001–2003
Asia Pacific Regional Director of Laporte Plc Pigments Division, 2000–2001
Ciba Joint-Ventures, Qingdao, General Manager, 1998–2000
Textile Dyestuffs Division, Ciba Specialty Chemicals (H.K.) Ltd, Business Group Manager, 1996–1998
Textile Dyestuffs Division, Ciba-Geigy (H.K.) Ltd., Business Group Manager, 1995–1996
Ciba-Geigy (Taiwan) Ltd., Vice President, 1991–1994
Dyestuffs & Chemicals Division, Ciba-Geigy (H.K.) Ltd., various positions, 1979–1991:
- Country Manager-PRC, 1988–1991
- Promotion Manager-Regional, 1986–1988
- Technical Sales Representative-PRC, 1981–1986
- Sales Representative-HKG, 1979–1981

BASF agent section, Jebsen & Co. Ltd., Sales Representative-HKG, 1979

HILTON CASAS DE ALMEIDA

President, Region South America

Member of Management Board

Born 1961, B.Sc. (Chemistry)

With Kemira since 2007

Career history:

Basf SA, Functional Polymers Unit, Regional Business Director, 2004–2007
Basf AG, Functional Polymers Division, Sales Manager (Europe), 2001–2004
Basf SA, Specialty Chemicals Division, Regional Sales & Marketing Manager, Product Manager, Sales Representative, Technical Assistant 1989–2001
Bera do Brasil Met. E. Com. Metais Ltda., Head of the Technical Department, Quality Control Head, 1985–1988
Duratex SA, Technical and Manufacturing units, 1982–1985

Positions of trust:

Brazil Finland Business Council, Vice President since 2012

PETRI CASTRÉN

CFO

Member of Management Board

Born 1962, LL.M., MBA

With Kemira since 2013

Career history:

Nokia Siemens Networks, Head of Corporate Finance (Group Treasurer), 2008–2013
Nokia Siemens Networks, Head of Corporate Development, 2007–2008
Nokia Corporation, 1999–2007 Head of Mergers & Acquisitions, Head of NSN negotiation and transition program
Nokia Telecommunications, Inc./Nokia Networks (USA), 1996–1999 Finance and business development management roles
Skopbank, Helsinki, Finland/New York, USA, 1988–1996 Corporate finance expert and management roles

Positions of trust:

Varma Mutual Pension Insurance
Company, Member of the Supervisory Board since 2013

HEIDI FAGERHOLM

CTO

Member of Management Board

Born 1964, D.Sc. (Chem.Eng.)

With Kemira since 2010

Career history:

Kemira Oyj, Vice President, R&D, 2010
Ahlstrom Group, Business Area Building and Energy Nonwovens, Vice President Product Development, 2007–2010
Ciba Specialty Chemicals Oy, Head of Technical Center Europe (EuMEA), 2006–2007
Top Analytica Ltd., Managing Director, 2001–2006
Turku Technology Center Ltd., Project Manager and Director of R&D Unit, 1994–2001
Adjunct professor at Åbo Akademi University since 1997
Member of Swedish Technical Science Academy of Finland since 2007

Positions of trust:

Tekes – the Finnish Funding Agency for Technology and Innovation, Member of the Board, 07/2011–06/2014

ANTTI SALMINEN

EVP, Supply Chain Management

Member of Management Board

Born 1971, PhD (Eng.)

With Kemira since 2011

Career history:

KONE Corporation, Director, New Equipment Business, Asia Pacific, 2009–2011
KONE Corporation, Vice President, Delivery Process, 2005–2009
Capgemini Finland, Managing Consultant, 2000–2005
Helsinki University of Technology, Research Scientist, Project Manager, Program Manager, 1995–2000

EEVA SALONEN

EVP, Human Resources

Member of Management Board

Born 1960, M.A.

With Kemira since 2008

Career history:

Nokia Oyj, Vice President, Human Resources, Devices Research and Development, 2008
Nokia Oyj, Vice President, Human Resources, Mobile Phones Business Group, 2004–2007
Nokia Oyj, Director, Business HR, Nokia Mobile Phones, Global Operations, Logistics and Sourcing, 2002–2004
Nokia Oyj, Senior Business HR Manager, Nokia Mobile Phones, operations, Logistics and Sourcing, Europe and Africa, 1999–2002
Nokia Oyj, Human Resources Development Manager, Nokia Mobile Phones, Europe and Africa region, 1995–1999
Quality Systems Oy, Consultant and Research Manager positions, 1987–1994

Corporate Governance

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act and NASDAQ OMX Helsinki Ltd's rules and regulations on listed companies.

The Company also complies with the Finnish Corporate Governance Code, which is publicly available at www.cgfinland.fi.

MANAGEMENT BODIES

The Shareholders' Meeting, the Board of Directors and the Managing Director are responsible for Kemira's management and operations. Their tasks are defined based on the Finnish Companies Act and Kemira's Articles of Association.

Shareholders' meeting

Kemira Oyj's shareholders' meeting, the Company's highest decision-making body, is held at least once a year. The Annual General Meeting (AGM) must be held each year by the end of May.

The AGM makes decisions on matters within its competence under the Companies Act and the Articles of Association, such as the adoption of the financial statements and dividend payout, the discharge of Board members and the Managing Director and his Deputy from liability, the election of the Chairman, Vice Chairman and other members of the Board of Directors and their emoluments, and the election of the auditor and the auditor's fees.

Notice to the shareholders' meeting shall be released on the Company's website no earlier than two months and no later than three weeks before the meeting, however, at least nine days before the record date of the meeting. Additionally, if so decided by the Board of Directors, the Company may publish the notice to the shareholders' meeting in one nationwide newspaper.

Kemira Oyj's Annual General Meeting was held in Helsinki on March 26, 2013. The meeting was attended by 527 shareholders either in person or by proxy, together representing around 57% of the shareholders' votes. The documents related to the AGM are available on Kemira's website.

Nomination Board

The 2012 Annual General Meeting decided to establish a Nomination Board consisting of the shareholders or the representatives of the shareholders to prepare annually a proposal for the next AGM concerning the composition and remuneration of the Board of Directors.

The Nomination Board consists of the representatives of the four largest shareholders of Kemira Oyj based on the situation on August 31 preceding the AGM, and the Chairman of Kemira Oyj's Board of Directors acts as an expert member. As of August 31, 2013, the members of the Nomination Board are Pekka Paasikivi, Chairman of the Board of Oras Invest Oy, Kari Järvinen, Managing Director of Solidium Oy, Risto Murto, Executive Vice President, Varma Mutual Pension Insurance Company, Timo Ritakallio, Deputy CEO,Ilmarinen Mutual Pension Insurance Company, and the Chairman of the Board Jukka Viinanen as an expert member.

The Nomination Board met four times in 2013 with an attendance rate of 100%.

Board of Directors

COMPOSITION

The AGM elects the Chairman, Vice Chairman and other members of the Board of Directors. In accordance with the Articles of Association, the Board of Directors comprises 4–8 members. On March 26, 2013, the Annual General Meeting elected five members (previously six) to the Board of Directors. The AGM re-elected Winnie Fok, Juha Laaksonen, Jari Paasikivi, Kerttu Tuomas and Jukka Viinanen to the Board of Directors. Jukka Viinanen was elected to continue as the Board's Chairman and Jari Paasikivi was elected to continue as the Vice Chairman. Elizabeth Armstrong was a member of the Board of Directors until the 2013 AGM.

All of the Board members are independent of the Company. The Board members are also independent of significant shareholders of the Company except for the Vice Chairman Jari Paasikivi. Jari Paasikivi is the CEO of Oras Invest Oy and Oras Invest Oy owns over 10% of Kemira Oyj's shares. The personal information concerning the members of the Board of Directors can be found in the section Personal data and their holdings can be found below under the heading Insiders.

TASKS AND DUTIES

According to the Articles of Association, the Board of Directors is tasked with duties within its competence under the Companies Act. It has drawn up a written Charter defining its key duties and procedures. The following is a description of the essential contents of the Charter.

The Board of Directors is in charge of corporate governance and the due organization of the Company's operations. It decides on convening and prepares the agenda for the shareholders' meeting and ensures the practical implementation of decisions taken thereby. In addition, the Board of Directors decides on authorizations for representing the Company. The Board of Directors' key duties include matters which, in view of the scope and type of the Company's operations, are uncommon or involve wide-ranging effects. These include establishing the Company's long term goals and the strategy for achieving them, approving the annual business plans and budget, defining and approving corporate policies in key management control areas, approving the Company's organizational structure and appointing the Managing Director, his Deputy and members of the Management Board. The Board of Directors approves the Company's investment policy and major investments and divestments. It also approves the group treasury policy and major long term loans and guarantees issued by the Company.

The Board's duties include ensuring that the Company has adequate planning, information and control systems and resources for monitoring result and managing risks in operations. The Board of Directors monitors and evaluates the performance of Managing Director, his Deputy and members of the Management Board and decides upon their remuneration and benefits. The Board's duty is to ensure continuation of the business operations by succession planning for key persons. The Board defines and approves the main principles for the incentive bonus systems within the Company.

The Board of Directors also manages other tasks within its competence under the Companies Act. It is responsible for the due organization of the supervision of the Company's accounting and asset-liability management. The Board of Directors sees to it that the Company's financial statements give a true and fair view of the Company's affairs and that the consolidated financial statements are prepared under the International Financial Reporting Standards (IFRS) and the parent company's financial statements under the acts and regulations in force in Finland (FAS). The Board of Directors' meetings discuss the Company's profit performance at monthly level. The Board of Directors discusses the Company's audit with the auditor. The Board of Directors evaluates its performance and working methods on an annual basis.

In 2013, the Board of Directors met 16 times. The average attendance rate at the meetings was 97.6%.

REMUNERATION

Remuneration of the Board of Directors is described in a separate Remuneration Statement which is available on Kemira's website.

Board committees

Kemira Oyj's Board of Directors has appointed two committees; the Audit Committee and the Compensation Committee.

AUDIT COMMITTEE

The Audit Committee works in accordance with its Charter confirmed by the Board of Directors. It is tasked to assist the Board of Directors in fulfilling its oversight responsibilities for financial reporting process, the system of internal control, the audit process and Kemira's process for monitoring compliance with laws and regulations and the Kemira Code of Conduct. The Committee reports to the Board on each meeting.

The Audit Committee consists of members independent of the Company, elected by the Board of Directors from amongst its members. After the 2013 AGM, the Board re-elected Juha Laaksonen as the Chairmanand Jari Paasikivi as a member of the Committee. Elizabeth Armstrong was a member of the Committee until the 2013 AGM. The Board considers in alignment with the explanatory section of the recommendation 22 of the Finnish Corporate Governance Code, that as the Board has only a few (5) members, the Audit Committee may consist only of two members.

The Audit Committee met 6 times in 2013 with an attendance rate of 100%.

COMPENSATION COMMITTEE

The Compensation Committee consists of members independent of the Company, elected by the Board of Directors from amongst its members. The Board of Directors has approved a Charter for the Committee, according to which the Committee assists the Board of Directors by preparation of matters related to compensation of Managing Director, his Deputy and the members of the Management Board, by preparation of matters pertaining to the compensation systems and long-term incentive plans of the Company, by preparation of matters relating to appointment of Managing Director, his Deputy and the members of the Group Management Board. The Committee also monitors succession planning of the senior management and the senior management's performance evaluation.

After the 2013 AGM, the Board re-elected Jukka Viinanen as the Chairman and Kerttu Tuomas and Jari Paasikivi as members of the Compensation Committee.

In 2013, the Compensation Committee met five times. The attendance rate at the meetings was 100%. The Committee reports to the Board of Directors on each meeting.

Governance > Corporate Governance > Managing Director

Managing Director

The Board of Directors appoints the Managing Director and the Managing Director's Deputy. Under the Articles of Association, the Managing Director is responsible for managing and developing the Company in accordance with the instructions and regulations issued by the Board of Directors, ensuring that the Company's interests are served by the subsidiaries and associated companies under its ownership, and puts the decisions taken by the Board of Directors into effect. The Managing Director reports to the Board on financial affairs, the business environment and other significant issues. The Managing Director also functions as the Chairman of Kemira's Management Board.

Kemira Oyj's Managing Director (President and CEO) is Wolfgang Büchele, and the Deputy Managing Director is Group General Counsel Jukka Hakkila. The Managing Director and the Managing Director's Deputy, including their related parties, are not involved in any substantial business relationships with the Company.

The personal information concerning the Managing Director can be found under the section Personal data and his holdings can be found below in the section Insiders. The financial benefits related to the Managing Director's employment relationship are described in a separate Remuneration Statement which is available on Kemira's website.

Management Board

Kemira's Management Board consists of the Managing Director (President and CEO), four Segment Heads, the Region Heads of Asia Pacific (APAC) and South America (SA), the CFO, the CTO and the Heads of Supply Chain Management and Human Resources. The Managing Director is the Chairman of the Management Board and the Group General Counsel acts as its Secretary.

The Management Board is responsible for securing the long-term strategic development of the Company.

The personal information and areas of responsibility of the Management Board members are presented in the section Personal data and their holdings can be found below in the section Insiders. The decision-making process and main principles of remunerationof the members of the Management Board are described in a separate Remuneration Statement which is available on Kemira's website.

Operative organization

Kemira Oyj has organized its business into four customer based segments. The Paper segment focuses on serving customers in the pulp and paper industry, the Municipal & Industrial segment concentrates on serving customers in municipal and industrial water treatment, the Oil & Mining segment focuses on serving customers in the oil, gas and mining industries, and ChemSolutions segment offers products and solutions to the farming, feed, leather, detergent and chemical industries.

The segments have a strategic leadership role as they formulate their respective business strategies and guide the strategy implementation within the segment. They are also responsible for new business and competence development.

Operational business responsibilities within a segment are assumed by Regional Business Units (RBUs) having full P&L responsibility. The RBUs are the key business decision making organs in the Company. As most business, decisions are taken on a regional level closer to customers, Kemira is able to respond rapidly to changes in market environment.

The RBUs are guided by policies and guidelines defined by global functions. Global functions are responsible for developing policies, processes, guidelines and tools related to their respective functional areas (Supply Chain Management, R&D, Finance and Administration, IT, Human Resources, Communications and Corporate Responsibility, Legal and EHSQ) on a global basis. They oversee that such policies and processes are adopted and implemented throughout the Company.

Functions also have representatives in each region. Regional functions ensure that the global policies are implemented and adhered to in the regions. They are also responsible for supporting the business locally in the region.

Geographically Kemira's operations are divided into four business regions: Europe, Middle East and Africa (EMEA), North America (NAFTA), South America (SA) and Asia Pacific (APAC). The Region Heads provide operational support and coordination within the region and steer all regional development projects, particularly in SA and APAC. They also have regional P&L responsibility.

Internal control

Kemira maintains an internal control system to ensure the effectiveness and efficiency of its operations, including the reliability of financial and operational reporting and compliance with the applicable regulations, policies and practices. Internal control is an integral part of all of Kemira's operations and covers all levels of the Group. The entire Group personnel are responsible for internal control and its effectiveness is monitored by managers as part of operative management.

Kemira's corporate values, Code of Conduct and Group level policies and procedures provide the basis for corporate governance and internal control in the Group. The internal policies and the Kemira Code of Conduct have been communicated to all Group staff. The Group also provides training concerning the main policies for people who need to know the policies in question. Every employee has the right and duty to report any violations of the law, the Code of Conduct or Group policies.

The main components of internal control are the management and organizational culture, risk assessment, control activities, reporting and communication, as well as monitoring and auditing.

Insiders

As provided by the Finnish Securities Markets Act, Kemira Oyj's insiders consist of insiders subject to disclosure requirements, permanent company-specific insiders and project specific insiders. On the basis of their position, Kemira's insiders subject to disclosure requirements comprise Board members, the Managing Director and the Deputy Managing Director, members of Kemira Oyj's Management Board and the auditor or the chief auditor representing the independent firm of public accountants. Kemira Oyj's permanent company-specific insiders comprise certain other position holders separately specified by the Group General Counsel.

Kemira Oyj complies with the Insider Guidelines issued by the NASDAQ OMX Helsinki Ltd, according to which insiders should trade in Company shares at a time when the marketplace has the fullest possible information on circumstances influencing the value of the Company's share. Accordingly, Kemira Oyj's insiders may not trade in Company shares for 30 days prior to the disclosure of the Company's interim accounts or the release of the financial statements bulletin.

Kemira's Legal function maintains Kemira Oyj's insider register and updates information on the Company's insiders subject to statutory disclosure requirements to be entered in the public insider register of Euroclear Finland Oy. Kemira's insider information is available in the web-based service maintained by Euroland Investors.

The table below shows insider shareholdings of all insiders subject to disclosure requirements as of December 31, 2013 and December 31, 2012. Shareholdings include personal shareholdings and the related-party holdings as well as holdings in companies over which the shareholder exercises control. Up-to-date insider information as well as updated shareholding information can be found on the Company's website.

INSIDERS' SHAREHOLDINGS

	31.12.2013	31.12.2012
Board of Directors		
Fok Winnie	**3,900**	2,656
Laaksonen Juha	**5,702**	4,148
Paasikivi Jari	**130,655**	129,101
Tuomas Kerttu	**5,392**	4,148
Viinanen Jukka	**10,191**	7,635
Members of the Management Board		
Büchele Wolfgang	**99,657**	76,657
Casas de Almeida Hilton	**70,719**	70,719
Castrén Petri	**500**	not an insider
Chan Joe	**0**	0
Fagerholm Heidi	**0**	0
Helsky Petri	**71,501**	71,501
Owens Randy	**72,570**	72,570
Salminen Antti	**0**	0
Salonen Eeva	**26,589**	26,589
Virolainen Hannu	**20,166**	20,166
Wegener Frank	**13,366**	13,366
Deputy CEO		
Hakkila Jukka	**57,856**	not an insider
Auditors		
Vattulainen Jukka	**0**	0

Internal audit

Kemira Group's Internal Audit function provides independent appraisal and assurance for the review of operations within the Group in order to support the management and the Board of Directors in fulfilling their oversight responsibilities. The purpose is to evaluate and contribute to the improvement of risk management, control and governance systems in the Group. The purpose, authority and responsibilities of the unit are defined in the Kemira Internal Audit Charter approved by the Audit Committee. Internal auditors have complete and unrestricted access to all Kemira activities. Internal Audit reports to the Audit Committee and administratively to the Group General Counsel. Internal audit plans and findings are subject to regular review with the external auditors during the course of the year.

Audit

Under the Articles of Association, the shareholders' meeting elects an audit firm as the Company's auditor. The audit firm appoints the Principal Auditor, who is an Authorized Public Accountant certified by the Central Chamber of Commerce. The auditor's term of office continues until the next Annual General Meeting after the Auditor's election. The 2013 Annual General Meeting elected Deloitte & Touche Ltd. as the Company's auditor, with Jukka Vattulainen, APA, acting as the Principal Auditor.

In 2013, the audit fee paid globally to the auditor (Deloitte) totaled EUR 1.3 million. In addition, a total of EUR 1.1 million was paid as fees for services unrelated to audit (mainly relating to the 3F acquisition).

Control and management of financial reporting

GENERAL

Kemira's Board of Directors defines the main principles of risk management and approves the Group's risk management policy. The business segments and functions are responsible for identifying, assessing and managing risks involved in their activities. The Group's Risk Management function coordinates and supports risk management.

Kemira's internal control system covers all Group operations, including financial reporting. The internal control activities are carried out in all organizational levels as part of the Group's daily operations.

A more detailed description of risks and risk management can be found in the Annual Report's Risk Management section and also on the Company's website. A general description of Kemira's internal control system can be found above under the heading Internal control.

The following describes how Kemira's risk management and internal control work in connection with the financial reporting process to ensure that the financial reports published by the Company give essentially correct information of the Company's financial situation.

ROLES AND RESPONSIBILITIES

Kemira's Board of Directors ensures that the Company has sufficient resources for risk management and control, and that the control has been arranged appropriately and that the financial statements provide correct and sufficient information of the Company. The Board of Directors is assisted by the Audit Committee in these tasks.

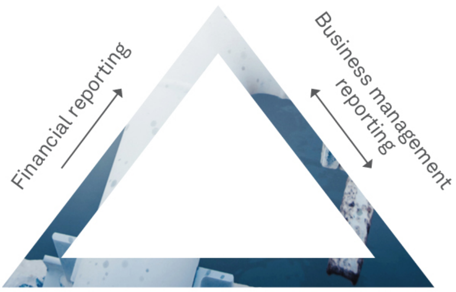
The Managing Director handles the Company's everyday management in accordance with instructions and regulations from the Board of Directors. The Managing Director is responsible for the Company accounting being lawful and that assets are managed reliably.

The Group's CFO is responsible for the general control system of financial reporting. The areas of responsibility between financial administration of the Group, regions and segments have been defined precisely. Group level financial functions support, monitor, instruct and offer training to the financial organizations of the regions and segments. Group level financial functions are also responsible for the Group's internal financial reporting and support Segment Controllers in analyzing business processes. Financial organization in the regions is responsible for the functionality of the financial functions' processes and correctness of figures in their region. Controlling in segments operates under the segments' business management and analyzes the business processes.

THE ROLES AND RESPONSIBILITIES OF THE FINANCIAL ADMINISTRATION

Group

EXTERNAL REPORTING
INTERNAL REPORTING TO THE BOARD OF DIRECTORS AND GROUP MANAGEMENT BOARD



Regions

CORRECTNESS OF FINANCIAL REPORTING MATERIAL

Utilization of financial reporting material

Segments

BUSINESS MANAGEMENT SUPPORT

EMEA
NAFTA
South America
APAC

Paper
Municipal & Industrial
Oil & Mining
ChemSolutions

The Group's IT function has a significant role both in financial reporting and internal control, as reporting and many control measures, such as process monitoring are based on IT solutions.

The Internal Audit function including its tasks and areas of responsibility are described more specifically under the heading Internal audit.

RISK MANAGEMENT

The Group's financial administration is responsible for managing risks related to financial reporting. The risks are identified, assessed and managed in connection with the Group's general risk management process and separately as part of financial administration's own operating processes. The Kemira Business Control Manual compiled and maintained by the Internal Audit function is utilized when recognizing risks.

The Group's financial administration assesses risks it has recognized related to financial reporting. In its risk analysis, financial administration defines to which function or process risks are related and how the risks would affect the Group's financial reporting if those were to materialize.

reassessed regularly in connection with the Group's strategy process.

FINANCIAL REPORTING AND CONTROL

Kemira follows uniform accounting and reporting principles based on the International Financial Reporting Standards (IFRS) in all its units. Kemira Group policies and Financial Manual define in detail the processes of accounting and financial reporting to be applied in all Group companies. The purpose of the policies and Financial Manual is to ensure the reliability of financial reporting.

The Group has a global Enterprise Resources Planning (ERP) system that ensures fast and reliable communication. Subsidiaries report their figures from the ERP system to the Group, using a uniform Group reporting system. The financial organizations of the Group, segments and regions check the correctness of the figures in the Group reporting system in accordance with the responsibility areas described above.

Proper control of financial administration, financial reporting and accounting processes is a basic requirement for the reliability of financial reporting. The Group financial administration determines the appropriate control functions, the objectives of each control function and how the effectiveness of the control functions is monitored and checked based on a risk analysis it performs. The control functions are described in the above mentioned risk documentation and financial administration is responsible for their practical implementation.

Financial reporting control is performed either continuously as part of the transactions of the company's monitoring processes such as purchasing and sales processes, or alternatively monthly or annually as part of the reporting process.

COMMUNICATION

The personnel of Kemira's financial administration regularly arranges internal meetings and trainings for different personnel groups and exchanges information and experiences concerning for instance reporting and monitoring practices in connection with these meetings. The main instructions and regulations concerning financial reporting, internal control and risk management are available to all employees on the Company intranet.

MONITORING

The functionality of internal control, risk management and reporting systems is constantly monitored as part of daily management of the Company. Each segment, function and region is responsible for implementing internal control, its efficiency and reliability of reporting within their area of responsibility. The Group financial administration monitors the functionality and reliability of the financial reporting process at Group level. The financial reporting processes are also monitored by the Internal Audit function.

Risk management

Effective compliance with and systematic execution of Kemira's risk management policy and principles proactively protect and help Kemira to reach the desired aggregate risk level and ensure the continuity of Kemira's operations.

RISK MANAGEMENT POLICY

The key principles of Kemira's risk management are defined in the Kemira Group Risk Management Policy. In the policy, a risk is defined as a potential event or circumstance, which, if it materializes, may affect Kemira's ability to meet its strategic and operational goals in a sustainable and ethical way. In addition, Kemira has Group guidelines and other policies in place that specify management objectives, responsibilities and risk limits in greater detail.

Kemira Oyj's risk management is based on the Finnish Corporate Governance Code, the Kemira Code of Conduct and the company's values. The principles of Kemira's risk management are also in compliance with international risk management frameworks and standards such as ISO 31000 (Risk Management – Principles and Guidelines).

In accordance with its risk management process, Kemira aims at systematic and proactive assessment and treatment of risks placed under various risk categories, such as Strategy and planning, Operations and infrastructure, and Governance and ethics. The objective of the risk management is to contribute to ensuring Kemira's long-term strategic development and achieving Kemira's strategic and operational targets by supporting decision-making by taking uncertainty and its effects into account.

Kemira Oyj's Board of Directors defines the key principles applied in risk management and approves the Group's risk management policy. The Audit Committee assists the Board in risk management supervision. The business segments and functions are responsible for the risks involved in their activities and for the related risk management. The Group's Risk Management function is in charge of developing and coordinating risk management process and risk management networks within the Group. Internal Audit is responsible for monitoring and evaluating the effectiveness of Kemira's risk management.

RISK MANAGEMENT IMPLEMENTATION

At Kemira, each business segment and key functions perform its overall risk management according to the risk management framework and process described in Kemira's Risk Management Policy. Risks are identified, analyzed and evaluated in a consistent manner. Risk management systems and methodologies suitable for the specific risks, situations and organizational needs are applied. The results of the risk management process are reported regularly both internally and as part of Kemira Oyj's external reporting.

Some of Kemira's risk treatment measures are performed centrally in order to generate cost benefits and ensure a sufficient level of protection. These include, for instance hedging of treasury risks, as well as purchase and management of insurance programs to provide cover for liability, cargo, and property and business interruption risks.

ABOUT KEMIRA'S RISKS

As in previous years, risk management was integrated into the strategy process also in 2013. Risks were assessed against Kemira's defined strategic objectives, and the key risks from different risk categories are described in the next section. Despite proactive risk management efforts, some of the risks may possibly materialize and significantly impact on Kemira's ability to achieve its targets.

Changes in customer demands

Significant and rapid decline in the use of certain chemicals (for example chemicals for packaging and board production) or in the demand of customers' products (for example certain paper qualities) could have a negative impact on Kemira's business, especially in the Paper Segment. Also increased awareness of and concern towards climate change and more sustainable products may change customers' demands, for instance towards water treatment technologies with lower chemical consumption, and this may impact negatively especially on Kemira Municipal & Industrial segment's ability to compete. Should Kemira fail to be prepared to meet and manage these changed expectations could result in loss of market share.

In order to manage and mitigate this risk, Kemira systematically monitors leading indicators and early warning indicators that focus on market development. Kemira has also increased its focus on sustainability and is further improving coordination and cooperation between Business Development, R&D and Sales units in order to better understand the future needs and expectations of its customers. Kemira's geographic and customer-industry diversity also provides partial protection against this risk.

Changes in laws and regulations

Kemira's business is subject to various laws and regulations which are relevant in developing and implementing Kemira's strategy. Although laws and regulations can generally be considered as an opportunity for Kemira, certain new legislative initiatives supporting for instance the use of biodegradable raw materials or biological water treatment, limiting the use of aluminium or phosphates, or relating to recovery or recycling of phosphorus, may also have negative impact on Kemira's business. Significant changes, for instance in chemical, environmental or transportation laws and regulations (for example REACH, EU sulphur directive) may generate excessive amount of administrative work and create a risk of not fulfilling customers' compliance requirements on time. Such regulatory changes may also impact on Kemira's profitability through increase in production and transportation costs. At the same time such changes may also create new business opportunities for Kemira.

Kemira is continuously following regulatory discussions in order to maintain the awareness of the contents and planned changes of those laws and regulations which may have impact for instance on sales, production planning and product development needs. Regulatory effects are systematically considered in strategic decision-making. Kemira also participates actively in regulatory discussions whenever possible and justified from the industry or business perspective.

Competition

Kemira operates in a rapidly changing and competitive business environment, which represents a considerable risk to meeting its goals. New players seeking for a foothold in Kemira's key business segments may use aggressive means as a competitive tool, which could affect Kemira's financial results. Major competitor consolidations are considered to be risks which may result in weakening of Kemira's market position.

Kemira is seeking growth in segments that are less familiar and where new competitive situations prevail. In the long-term, completely new types of technology may considerably change the current competitive situation. This risk is managed both at the Group and segment levels through continuous monitoring of the competition. The company aims at responding to competition with active management of customer relationships and continuous development of its products and services to further differentiate itself from the competitors.

Economic conditions

Uncertainties in the global economic development are considered to include risks, such as low-growth period in the global GDP, which could have a negative impact on the demand of Kemira's products. Furthermore, weak economic development may also have serious effects on the liquidity of Kemira's customers, which could result in increased credit losses for Kemira. Unfavorable market conditions may also increase the availability and price risk of certain raw materials. Kemira's geographical and customer-industry diversity provides only partial protection against this risk.

Hazard risks

Kemira's production activities involve many hazard risks, such as fires and explosions, natural catastrophes, environmental risks, as well as employee health and safety risks. Certified management systems, efficient hazard prevention programs and the Group's network of experts play a central role in managing these hazard risks. In addition, Kemira has several insurance programs that protect the company against financial impacts of hazard risks.

Innovation and R&D

Kemira's research and development is a critical enabler for organic growth and further differentiation. New product launches contribute both to the efficiency and sustainability of Kemira's customers' processes as well as to the improved profitability. Both Kemira's future market position and profitability depend on its ability to understand and meet current and future customer needs and market trends and its ability to innovate new differentiated products and applications. Failure to innovate or focus on new disruptive technologies and products may result in non-achievement of growth and profitability targets.

Innovation and R&D related risks are being managed through efficient R&D portfolio management in close collaboration between R&D and business segments. Kemira has improved the coordination and cooperation between Business Development, R&D and Sales units in order to better understand the future needs and expectations of its customers. Kemira has also established strategic partnerships with external research partners and key customers as well as involved its R&D people in key customer innovation projects. Furthermore, Kemira has increased its R&D focus towards development of more differentiated and sustainable products and processes, and is continuously monitoring sales of its new products and applications (launched to the market within the last 5 years).

Mergers and acquisitions

Tactical use of mergers and acquisitions can be considered as an important driver in accomplishment of corporations' goals and strategies. Consolidations are driven by, for instance, chemical manufacturers' interests in strengthening their balance sheets and establishing footholds in new markets. Kemira expects significant M&A activities within chemical industry sector to continue also in 2014 especially in EMEA and NAFTA regions.

Kemira's investment capabilities have increased lately as a result of several divestments made in 2013. Kemira's market position may deteriorate if it is unable to find and take advantage of future merger and acquisition opportunities. Inorganic growth through mergers and acquisitions also involves risks such as the ability to integrate acquired operations and personnel successfully. If realized, this risk may result in shortage in the set financial targets for such acquisitions.

Kemira has resources on the Group level dedicated to actively manage merger and acquisition activities. In addition, external advisory services are being used to screen potential mergers and acquisitions. Kemira is also developing its M&A procedures in order to further improve the execution of its business transactions in the future.

Price and availability of raw materials and commodities

Continuous improvement of profitability is a crucial part of Kemira's strategy. Significant and sudden increase in the costs of raw materials, commodity or logistic costs could place Kemira's profitability targets at risk if Kemira was unable to pass such increase to product prices without delay. For instance, high oil and electricity prices could materially weaken Kemira's profitability.

Changes in the field of raw material suppliers, such as consolidation or decreasing capacity, may increase raw material prices. Also changes in material demand in industries that are main users of certain raw materials may lead to significant raw material price fluctuations. Poor availability of certain raw materials may affect Kemira's production, if Kemira fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Supply Chain Management function (SCM).

Risk management includes, for instance, forward-looking forecasting of key raw materials and commodities, synchronization of raw material purchase agreements and sales agreements, strategic investment in energy generating companies and hedging a portion of the energy and electricity spend.

Suppliers

The continuity of Kemira's business operations is dependent on accurate and good quality supply of products and services. Kemira has currently numerous partnerships and other agreements in place with third-party product and service suppliers to secure its business continuity. Certain products used as raw materials are considered critical as the purchase can be done economically only from a sole or single source. In the event of a sudden and significant loss or interruption of such raw material supply, Kemira's operations could be impacted and this could have further effect on Kemira's ability to accomplish its profitability targets.In effective procurement planning, supply source selection and contract administration as well as inadequate supplier relationship management create a risk of Kemira not being able to fulfill customer promises.

Kemira continuously aims to identify, analyze and engage third-party suppliers in a way that ensures security of supply and competitive pricing of the end products and services. Development of collaborative relationships with key suppliers is being done in order to uncover and realize new value and reduce risk. Supplier performance is also regularly monitored as a part of supplier performance management process.

Talent management

To secure the competitiveness and growth as well as to improve operative efficiency, it is essential to attract and retain personnel with the right skills and competences. Kemira is continuously identifying high potentials and key competencies for future needs. By systematical development and improvement of compensation schemes, learning programs and career development programs, Kemira aims to ensure the continuity of skilled personnel also in the future.

More detailed information on financial risks and their management is provided on page 29. Management of Financial Risks in the Notes section.

Remuneration

This statement is a description of remuneration in Kemira Oyj made available pursuant to Recommendation 47 of the Finnish Corporate Governance Code 2010.

FINANCIAL BENEFITS

Board of Directors

Based on the decisions of the 2013 Annual General Meeting, Board members are entitled to a yearly fee and a fee per meeting.

The fees are as follows:
• Chairman will receive EUR 74,000 per year,
• Vice Chairman and the Chairman of the Audit Committee EUR 45,000 per year and
• other members EUR 36,000 per year.

A fee payable for each meeting of the Board and its committees is:
• EUR 600 for the members residing in Finland,
• EUR 1,200 for the members residing elsewhere in Europe and
• EUR 2,400 for the members residing outside Europe.

The meeting fees are to be paid in cash.

Travel expenses are paid according to Kemira's travel policy.

In addition, the 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 company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks of the release of Kemira's interim report January 1 – March 31, 2013.

The following share amounts were paid on May 6, 2013 as part of the annual fee decided by the 2013 AGM:
• the Chairman received 2,556 shares,
• the Vice Chairman and Chairman of the Audit Committee 1,554 shares and
• the other members 1,244 shares.

The Board members are not included in any of the share-based incentive plans of Kemira Oyj.

Directors´ remunerations

	2013	2012
Jukka Viinanen, Chairman	84,923	83,142
Pekka Paasikivi, Chairman (until March 21, 2012)	-	2,400
Jari Paasikivi, Vice Chairman	56,710	54,321
Elizabeth Armstrong (until March 26, 2013)	7,200	74,177
Wolfgang Büchele (until March 21, 2012)	-	3,600
Winnie Fok	66,968	66,977
Juha Laaksonen	56,710	46,577
Kerttu Tuomas	47,168	44,177
Total	322,678	375,371

Managing Director

Compensation of the Managing Director consists of a monthly salary, benefits and performance-based incentives. The performance-based incentives consist of a cash bonus plan and a share-based plan. The main principles of the performance-based incentive plans are described below under the section Decision-making process and main principles of remuneration.

The base salary of Managing Director Wolfgang Büchele is EUR 680,000 per year, including car benefit, mobile phone and holiday pay. Additionally, the Managing Director has a housing benefit and a tax assisted health insurance.

Managing Director Wolfgang Büchele belongs to the Finnish Employees' Pension Act (TyEL) scheme, which provides pension security based on years of service and earnings as stipulated by law. The Managing Director's retirement age is 63. The Managing Director does not have a supplementary pension arrangement.

A twelve-month period of notice applies to both sides for the Managing Director. In addition to the salary of the notice period, the Managing Director is not entitled to a separate severance pay.

The emolument of Kemira Oyj's Managing Director Wolfgang Büchele during the 2013 financial period was EUR 964,566.24 including a EUR 220,080 cash bonus. No share-based bonus was paid during the 2013 financial period.

Decision-making process and main principles of remuneration

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

Management compensation consists of a monthly salary, fringe benefits and performance-based incentives. The Group Management Board does not have a separate supplementary pension scheme. The performance-based incentives consist of a cash bonus plan and a share based plan.

The annual cash bonus is determined by the achievement of the Group and personal performance targets for each financial year. The maximum bonus for the Managing Director is 60% of the annual gross salary for the same period and 50–70% for other Group Management Board members. In 2013, as regards the Group performance target, the cash bonus was determined by Group EBIT and cash flow.

In February 2012, Kemira's Board of Directors decided to establish a new share-based incentive plan that follows the already terminated 2009–2011 plan aimed at the company's strategic management for the years 2012–2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to the achievement of the performance targets set by the Board of Directors, which include both internal and external performance targets. The internal target-setting is divided into three one-year performance periods: 2012, 2013, and 2014. Payment depends on achievement of the set intrinsic value targets calculated from the development of EBITDA and the development of the net debt. The program also includes a three-year external goal, which is tied to the relative total shareholder return (TSR) performance during 2012–2014. As a guiding principle, reward will only be paid based on excellent performance.

The value of the aggregate reward paid out in the course of the three-year plan may not exceed 120% of CEO's and 100% of the other participants' gross salary for the same period. The applicable taxes will be deducted from the gross earning and the remaining net value is delivered to the participants in Kemira shares.

Shares earned through the plan must be held for a minimum of two years following each payment. In addition, the participants must retain fifty percent of the shares obtained under the plan until their ownership of Kemira shares based on shares obtained through the share-based incentive programs of Kemira has reached a share ownership level which in value equals at least their gross annual salary for as long as they remain participants in the plan.

The shares transferable under the plan comprise treasury shares or Kemira Oyj shares available in public trading.

In addition to the share-based incentive plan aimed at the company's strategic management, Kemira has a share-based incentive plan aimed at other key personnel, in which the strategic management will not participate.

The share-based incentive plan aims to align the goals of shareholders and strategic management in order to increase the value of the company, motivate strategic management, and provide competitive shareholder-based incentives.

Management remunerations					
	Salaries and fringe benefits	Performance-based annual bonus plan (cash)	Performance-based share plan (shares+cash)	2013	2012
Managing Director Wolfgang Büchele (since 1. April 2012	744,486	220,080	-	964,566	655,605*
Managing Director Harri Kerminen (until 31. March 2012)	-	-	-	-	506,637
Deputy to CEO Jyrki Mäki-Kala (until 5. May 2013)	99,616	41,733	-	141,349	273,265
Deputy to CEO Jukka Hakkila (since 6. May 2013)**	119,779	41,778	-	161,557	-
Other Management Board Members	2,170,117	302,450	-	2,472,568	2,098,535

*includes two months remuneration for time before being appointed CEO

**Jukka Hakkila is not a member of the Management Board

Financials

Financial Statements 2013

Board of Directors' Review 2013

Revenue in 2013 was EUR 2,229 million (2012: EUR 2,241 million). Organic revenue growth was 3% driven by higher sales volumes. Operative EBIT increased 6% to EUR 164.2 million (155.5) with a margin of 7.4% (6.9%) driven by higher sales volumes and fixed cost savings related to "Fit for Growth" restructuring program. The reported earnings per share were reduced to EUR –0.21 (0.12) mainly due to a write-down of EUR 23 million related to the divestment of the shares of Kemira's JV Sachtleben, lower income from associated companies and higher taxes. Operative earnings per share decreased to EUR 0.70 (0.77) mainly due to the lower income from associated companies. The Board of Directors proposes a cash dividend of EUR 0.53 per share (0.53), equaling a total of EUR 81 million (81).

KEY FIGURES AND RATIOS (FIGURES FOR 2012 WERE RESTATED ON MARCH 25, 2013)

EUR million	Jan–Dec 2013	Jan–Dec 2012
Revenue	**2,229.1**	2,240.9
Operative EBITDA	**251.9**	249.4
Operative EBITDA, %	**11.3**	11.1
EBITDA	**141.9**	179.9
EBITDA, %	**6.4**	8.0
Operative EBIT	**164.2**	155.5
Operative EBIT, %	**7.4**	6.9
EBIT	**42.6**	33.1
EBIT, %	**1.9**	1.5
Share of profit or loss of associates	**–1.1**	11.2
Financing income and expenses	**-39.0**	–15.7
Profit before tax	**2.5**	28.6
Net profit	**–25.9**	22.4
Earnings per share, EUR	**–0.21**	0.12
Operative earnings per share, EUR	**0.70**	0.77
Capital employed *	**1,366.5**	1,673.0
ROCE *	**3.0**	2.6
Capital expenditure	**197.5**	134.1
Cash flow after investing activities	**195.7**	71.8
Equity ratio, % at period-end	**51**	51
Gearing, % at period-end	**41**	42
Personnel at period-end	**4,453**	4,857

*) 12-month rolling average (ROCE, % based on the reported EBIT)

Definitions of key figures are available at www.kemira.com > Investors > Financial information. Comparative 2012 figures are provided in parentheses for some financial results, where appropriate. Operating profit, excluding non-recurring items, is referred to as Operative EBIT. Operating profit is referred to as EBIT.

FINANCIAL PERFORMANCE, FULL YEAR 2013

Kemira Group's **revenue** was EUR 2,229.1 million (2,240.9). Organic revenue growth was 3% driven by higher sales volumes. Sales price changes did not have material impact on revenues.

Some of the main foreign currencies affecting Kemira's financials depreciated against the euro in 2013, such as the US dollar (–3%), Brazilian real (–14%), and Canadian dollar (–7%). The negative currency exchange rate related translation impact on Kemira's revenue was –2% or approximately EUR 50 million. Kemira made two acquisitions in 2013 of which 3F was closed on October 1 and Soto Industries on September 19. The impact of the acquisitions on Kemira's revenue was close to EUR 20 million (less than 1%).

During the year, Kemira shifted its focus towards differentiated product lines according to the company's strategy. This resulted in the divestments of several commodity product line based businesses, like chemicals to food and pharmaceutical industries (closed on March 1), aluminium and coagulant business in Brazil (closed on December 11), chemical distribution business in Denmark (closed on January 2, 2014, after the review period), formic acid and its derivatives business in Finland (closing expected in the first quarter of 2014) and some other small commodity chemical businesses in Denmark and Romania. The impact of the divestments on Kemira's revenue was –2% or approximately EUR 50 million in 2013.

In the Paper segment, revenues increased 6% to EUR 1,067.6 million (1,005.6). Revenue growth in local currencies, excluding acquisitions and divestments, was 8%, driven by higher sales volumes. Sales price changes had a negligible impact on revenues. Currency exchange impacted revenues by –2%.

In the Municipal & Industrial segment, revenues decreased 4% to EUR 659.4 million (686.6). Revenue in local currencies, excluding acquistions and divestments, decreased 2%, driven by lower sales volumes. Sales price changes did not have a material impact on revenues. Acquisition had 1% impact and divestments –1% impact on revenues. Currency exchange impacted by –2%.

In the Oil & Mining segment, revenues decreased 3% to EUR 311.5 million (321.1). Revenue in local currencies, excluding acquisitions and divestments decreased 2% mainly due to the –3% impact of continued exit of some low margin product sales. The termination of low margin products was completed at the end of the third quarter of 2013. Sales volumes of differentiated products like polymers recovered, especially in the NAFTA region and could partly compensate for the negative impact of unfavorable pricing. The impact of the 3F acquisition on revenue was 2% and the impact of currency exchange –3%.

In the ChemSolutions segment, revenues decreased 16% to EUR 190.6 million (227.6). The divestment of the food and pharmaceuticals businesses had an impact of –18% on revenues. Revenues in local currencies, excluding divestments increased slightly as higher sales volumes could more than offset the impact of the somewhat lower sales prices. Currency exchange had a –1% impact on revenue.

Geographically, the revenue was split as follows: EMEA 57% (55%), North America 30% (31%), South America 7% (8%), and Asia Pacific 6% (6%). According to the sharpened strategy presented in April 2013, mature markets continue to be important for Kemira's all segments, whereas the focus in the emerging markets is on selective expansion. In the emerging markets, China and Indonesia are the key markets for the paper wet-end chemistry. Brazil and Uruguay will remain important markets for the bleaching chemicals used in pulp industry. Oil & Mining is targeting expansion in selected countries in South America as well as in the Middle East and Africa.

REVENUE

EUR million	**Jan–Dec 2013**	Jan–Dec 2012	Δ%
Paper	**1,067.6**	1,005.6	6
Municipal & Industrial	**659.4**	686.6	–4
Oil & Mining	**311.5**	321.1	–3
ChemSolutions	**190.6**	227.6	–16
Total	**2,229.1**	2,240.9	–1

The EBIT increased 29% to EUR 42.6 million (33.1) as lower EBITDA of EUR 141.9 million (179.9) was more than offset by lower depreciations of EUR 99.3 million (146.8).

Non-recurring items affecting the EBIT were EUR 121.6 million (122.4). Write-down related to the divestment of Kemira's iron and aluminium coagulants business in Brazil amounted to EUR 43 million. Restructuring charges, related to continuous efficiency improvement measures amounted to approximately EUR 30 million. Restructuring charges and provisions related to the closure of the Vaasa process chemicals site amounted to EUR 24 million. Restructuring charges related to the establishment of the multifunction Business Service Center in Gdansk, Poland, amounted to EUR 13 million. Write-downs related to smaller disposals in Municipal & Industrial amounted to EUR 9 million. "Fit for Growth"-related write-downs, severance payments, and external service costs amounted to EUR 5 million. The comparable period in 2012 included "Fit for Growth" severance payments and costs related to external services of EUR 41 million and asset write-downs of EUR 30 million. Other, non "Fit for Growth" related, non-recurring items included the write-down of EUR 18 million from the divestment of Kemira's food and pharmaceutical businesses and charges of EUR 33 million related to environmental liabilities, efficiency improvements, as well as streamlining of Kemira's operations (see non-recurring items table on page 3).

NON-RECURRING ITEMS

EUR million	**Jan–Dec 2013**	Jan–Dec 2012
Within EBITDA	**110.1**	69.5
Paper	**32.6**	24.1
Municipal & Industrial	**68.8**	30.0
Oil & Mining	**8.1**	9.4
ChemSolutions	**0.6**	6.0
Within depreciations, amortization and impairment losses	**11.5**	52.9
Paper	**8.2**	6.4
Municipal & Industrial	**0.5**	25.8
Oil & Mining	**2.8**	2.3
ChemSolutions	**–**	18.4
Total	**121.6**	122.4

The operative EBIT increased 6% to EUR 164.2 million (155.5), mainly due to a positive sales volumes impact of EUR 32 million. Sales price changes had EUR –9 million impact on operative EBIT.

Variable costs increased by EUR 8 million mainly due to higher propylene and electricity-related raw material costs. Fixed costs decreased EUR 11 million mainly due to the Fit for Growth-related savings and other efficiency measures.

Currency exchange had a negative impact of EUR 6 million on the operative EBIT. Divestments in ChemSolutions and Municipal & Industrial had EUR –6 million and other items EUR –7 million impact on the operative EBIT (see variance analysis on page 4). Acquisition of 3F and increased manufacturing related costs were main reasons for the negative impact.

The operative EBIT margin improved to 7.4% (6.9%).

"Fit for Growth"-related cost savings were EUR 46 million and almost reached the full cost savings run rate of EUR 60 million on an annualized basis at the end of 2013.

VARIANCE ANALYSIS

EUR million	Jan–Dec
Operative EBIT, 2012	**155.5**
Sales volumes	31.7
Sales prices	–8.7
Variable costs	–7.8
Fixed costs	11.3
Currency exchange	–5.5
Others, incl. acquisitions and divestments	–12.3
Operative EBIT, 2013	**164.2**

OPERATIVE EBIT

	Jan–Dec 2013 EUR, million	Jan–Dec 2012 EUR, million	Δ%	Jan–Dec 2013 %-margin	Jan–Dec 2012 %-margin
Paper	**86.5**	75.3	15	**8.1**	7.5
Municipal & Industrial	**45.8**	39.2	17	**6.9**	5.7
Oil & Mining	**17.4**	25.9	–33	**5.6**	8.1
ChemSolutions	**14.5**	15.1	–4	**7.6**	6.6
Total	**164.2**	155.5	6	**7.4**	6.9

Income from associated companies decreased to EUR –1.1 million (11.2) as a result of lower net profits of the specialty titanium dioxide producer Joint Venture Sachtleben GmbH. Kemira divested its shares in the JV Sachtleben in February 2013.

Financing income and expenses totaled EUR –39.0 million (–15.7). Financing expenses included the non-recurring write-down of EUR 23 million related to the divestment of Kemira's shares (39%) in the JV Sachtleben. The changes of EUR 3.2 million (–2.3) in fair values of electricity derivatives and the currency exchange differences of EUR 2.5 million (0.0) had positive impacts on the financing income and expenses. The comparable period in 2012 included a EUR 7.6 million dividend from Pohjolan Voima Oy (PVO), the Finnish electricity company.

Total **taxes** increased to EUR 28.4 million (6.2), mainly due to non-deductible write-downs. The tax rate, excluding non-recurring items affecting the EBIT and income from associated companies increased to 24.9% (20.6%). Comparable period in 2012 included positive impacts related to changes in deferred tax assets and liabilities. Income taxes decreased to EUR 25.6 million (29.8).

Net profit attributable to the owners of the parent company decreased to EUR –31.6 million (17.7) and the earnings per share to EUR –0.21 (0.12) mainly due to a write-down of EUR 23 million related to the divestment of the shares of Kemira's JV Sachtleben, lower income from associated companies and higher taxes. Earnings per share, excluding non-recurring items, decreased 9% to EUR 0.70 (0.77), mainly due to the lower income from the associated companies.

FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in 2013 increased to EUR 200.3 million (176.3) mainly due to favorable changes in net working capital and lower interest and tax payments. The comparable period included in total EUR 15 million dividends received from PVO and JV Sachtleben. Cash flow after investing activities increased to EUR 195.7 million (71.8), mainly due to the proceeds of EUR 98 million received from the divestment of the shares in JV Sachtleben, EUR 80 million received from the divestment of the food and pharmaceuticals businesses and EUR 8 million received from the divestment of coagulant business in Brazil. The acquisition of 3F in Italy and USA had a cash flow impact of EUR –59 million. The comparable period of 2012 included EUR 27 million paid-in-capital from JV Sachtleben. The net working capital ratio decreased to 10.9% of the revenue (12.8% on December 31, 2012), mainly due to lower receivables and inventories as well as higher payables.

At the end of the period, Kemira Group's net debt was EUR 456 million (532 on December 31, 2012). Net debt decreased mainly due to the total proceeds of the divestments. Acquisition of 3F and the dividend payment of EUR 81 million in April increased the net debt.

At the end of the period, interest-bearing liabilities totaled EUR 558 million (665 on December 31, 2012). Fixed-rate loans accounted for 60% of the net interest-bearing liabilities (56% on December 31, 2012). The average interest rate of the Group's interest-bearing liabilities was 1.5% (1.6% on December 31, 2012). The duration of the Group's interest-bearing loan portfolio was 14 months (16 months on December 31, 2012). In August 2013, Kemira signed a 5+1+1-year revolving credit facility of EUR 400 million, which replaced an undrawn EUR 300 million credit facility. In addition, Kemira signed EUR 45 million term loan with European Investment Bank (EIB). The new credit facility and loan with EIB remains undrawn at the end of the period.

Short-term liabilities maturing in the next 12 months amounted to EUR 278 million, the commercial papers of which, issued in the Finnish market, represented EUR 164 million and the short term part of the long-term loans represented EUR 58 million. Cash and cash equivalents totaled EUR 102 million on December 31, 2013 (133).

At the end of the period, the equity ratio was 51% (51% on December 31, 2012), while the gearing was 41% (42% on December 31, 2012). Shareholder's equity decreased to EUR 1,125.5 million (1,260.6 on December 31, 2012) mainly due to the EUR 81 million dividend distribution and EUR –27 million change in the fair value of Kemira's ownership in Pohjolan Voima Group shares. Fair value decreased mainly as a consequence of the lower electricity price in Finland in 2013.

The Group's most significant transaction currency risk arises from the Swedish krona and the Canadian dollar. At the end of the year, the denominated 12-month exchange rate risk of Swedish krona had an equivalent value of approximately EUR 33 million, 79% of which was hedged on an average basis. Correspondingly, the CAD denominated exchange rate risk was approximately EUR 30 million, 42% of which was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks in relation to the British pound and the Norwegian krona and the U.S. dollar with the total annual exposure in these currencies being approximately EUR 30 million, 60% of which was hedged on an average basis.

Because Kemira's consolidated financial statements are compiled in euros, Kemira is also a subject to currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in a currency other than euro. The most significant translation exposure derives from the US dollar, the Swedish krona and the Brazilian real. A weakening of the above mentioned currencies against the euro would decrease Kemira's revenue and EBIT through a translation risk. 10% depreciation of the above mentioned currencies against the euro would decrease Kemira's EBIT by some EUR 10 million on an annual basis through a translation risk.

CAPITAL EXPENDITURE

Capital expenditure, including an acquisition of 3F and an EUR 4 million investment into PVO shares, increased 47% to EUR 197.5 million (134.1) in 2013.

Capex (excl. the 3F acquisition and investment into PVO shares) was EUR 134.8 million (134.1) in 2013 and can be broken down as follows: expansion capex 52% (44%), improvement capex 26% (29%), and maintenance capex 22% (27%). Expansion investments were mainly focused on the greenfield sites Nanjing, Dormagen and Tarragona. Prior to the launch of the "Fit for Growth" restructuring program in July 2012, the number of Kemira's manufacturing sites was 74. Including the decided closures of manufacturing sites related to the "Fit for Growth" program, as well as acquisitions and divestments announced in 2013, the number of Kemira's manufacturing sites has decreased from 74 to 59. Maintenance and improvement capex decreased due to the site closures.

In January–December 2013, the Group's depreciation and impairments decreased to EUR 99.3 million (146.8). Comparable period in 2012 included non-recurring impairments and write-downs of EUR 53 million mainly related to "Fit for Growth" restructuring program.

RESEARCH AND DEVELOPMENT

The Research and Development expenses totaled EUR 32.1 million (36.7) in 2013, representing 1.4% (1.6%) of Kemira Group's revenue.

Kemira's research and development is a critical enabler for organic growth and further differentiation. New product launches contribute both to the efficiency and sustainability of Kemira's customers' processes as well as to the improved profitability. Both Kemira's future market position and profitability depend on its ability to understand and meet current as well as future customer needs and market trends, and on its ability to innovate new differentiated products and applications.

Kemira Group's target is to increase the revenue from new products and products for new applications. The share of innovation revenue (revenue from new products or from products to new applications launched within the past five years) in Kemira's revenue increased to approximately 7% (5%) in 2013.

During the year, Kemira completed the expansion of its Fennobind binder production capacity in continental Europe. With the increased capacity, Kemira is preparing the launch of its second-generation Fennobind products. Fennobind's patented technology allows lower manufacturing costs for paper and board producers.

Other recently launched products in the Paper segment that contributed to Kemira's innovation sales include FennoBond product family. FennoBond gives board makers the cost advantages of either going to a lower grammage, while retaining strength, or using a higher percentage of lower-quality recycled fiber. For graphical papermakers FennoBond offers the opportunity to increase filler loading while maintaining runnability and printability. FennoBond is also used in tissue and towel manufacturing to achieve an optimal wet/dry balance. The extra strength from FennoBond can also be utilized to reduce refining, resulting in improved softness and less dust.

Oil & Mining segment focused on stimulation and squeeze applications in the Oil and Gas sector, including friction reducers and microbial control enhancements. Kemira also launched its first tagged scale inhibitor products that enable on-site measurement of residual scale inhibitor levels at oil and gas wells. The new technology is targeting offshore wells where an accurate, timely control of inhibitor concentrations is vital in maintaining efficient operation. In mining, Kemira's ability to tailor make binders that minimize the need for bentonite is well received by the industry.

Many other innovation projects are reaching the commercialization phases, and we are focusing on finalization and commercialization of such products.

SUSTAINABILITY

In 2013, Kemira will publish its third annual corporate responsibility report in connection with its Annual Report. The corporate responsibility report 2013 is verified by a third party and prepared in accordance with the GRI (Global Reporting Initiative) framework. It deals with economic, environmental and social aspects defined material for Kemira, as well as reflects on Kemira's performance in relation to the sustainability targets published in Kemira's Annual & Sustainability Report 2012. Kemira's sustainability targets are presented in the following tables.

SUSTAINABILITY COMMITMENT	SUSTAINABILITY TARGET	KPI FOR PERFORMANCE MEASUREMENT
SUPPLIERS		
We work together with responsible suppliers, distributors and agents	Effective use of Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) in all relevant supplier relationships by the end of 2013	Supplier contracts with signed CoC-SDA as attachement, %
	Active Supplier Performance management program in place by the end of 2013	Average performance of core suppliers (75% of spend), performance rate, %
		Share of reviewed suppliers under certain performance level (corrective actions agreed), Number of supplier audits per year
EMPLOYEES		
We require ethical behaviour from our employees	All Kemira employees covered by Kemira Code of Conduct (CoC) training by the end of 2013	Kemira employees completed Kemira CoC training, %
We enhance performance management	All Kemira employees covered by the global Performance Management process by the end of 2014	Kemira employees covered by the global Performance Management process, %
We promote leadership development	Every people manager participates in leadership development programs at least once every 3 years, first target period 2013-2015	People managers covered by global leadership programs, cumulative, %
OPERATIONS		
We improve occupational health & safety	Achieve zero accidents	Total Recordable Injuries (TRI) employees and contractors
We improve water efficiency in manufacturing	Baseline analyzed and water efficiency program defined by the end of 2014	To be defined by the end of 2014
We improve energy efficiency in manufacturing	Baseline set and the energy efficiency index defined by the end of 2013	To be defined by the end of 2013

SUSTAINABILITY COMMITMENT	SUSTAINABILITY TARGET	KPI FOR PERFORMANCE MEASUREMENT
CUSTOMERS		
We develop and propose sustainable solutions for our customers	Sustainability and safety aspects considered in all New Product Development (NPD) projects by the end of 2014	All new projects apply the sustainability check in Gate 1, %
		Existing projects apply the sustainability check in Gates 2-4, %
LOCAL COMMUNITIES		
We are involved in communities where we operate	Each Kemira site with over 50 employees has participated in local community involvment initiatives at least once by the end of 2015	Kemira sites (over 50 employees) with local community initiatives, cumulative %

Kemira updated the corporate responsibility focus areas and targets in 2013 based on Kemira's sharpened strategy and stakeholder feedback. The updated corporate responsibility focus areas and targets were approved by the Kemira Management Board in January 2014. The focus areas, targets, performance against the targets and Key Performance Indicators (KPI) will be discussed in more detail in Kemira's Corporate Responsibility Report that will be published as part of the Kemira Annual Report 2013.

Kemira was recognized for the first time in the CDP Nordic Climate Disclosure Leadership Index in 2013. Kemira achieved a score of 96 out of 100 in the index that measures the disclosure of information regarding climate change.

In 2013, provisions for environmental remediation totaled EUR 22.2 million (19.7). The biggest provisions relate to the waste piling area in Pori, sites closures and to the limited reconditioning of the sediment of a lake adjacent to the Vaasa plant.

Kemira registered 29 substances under EU Chemical regulation (REACH) in 2013. Preparations for the third deadline of REACH of 2018 have started. The preparation for Globally Harmonized System of Classification and Labelling of Chemicals (GHS) proceeded according to plans. New requirements of supply chain product safety communication have significantly intensified the information exchange with the customers and suppliers. The implementation of REACH or ensuring other product compliance is not expected to have a major impact on Kemira's financial results, and the registration costs are expected to stay on the level of 2013 over the next few years. In 2013, the costs of product compliance were related mostly to the REACH registrations.

HUMAN RESOURCES

At the end of the year, Kemira Group had 4,350 permanent employees (4,762 on December 2012) and 103 temporary employees (95). Kemira employed 961 people in Finland (1,114), 1,634 people elsewhere in EMEA (1,690), 1,281 in North America (1,279), 237 in South America (423), and 340 in Asia Pacific (351).

SEGMENTS

PAPER

Paper has unique expertise in applying chemicals and supporting pulp & paper producers to innovate and constantly improve their operational efficiency. We develop and commercialize new products to fulfill customer needs and to ensure the leading portfolio of products and services for paper wet-end, focusing on packaging and board, as well as tissue. We leverage our strong pulp & paper application portfolio in North America and EMEA and build a strong position in China, Indonesia and Brazil.

EUR million	Jan–Dec 2013	Jan–Dec 2012
Revenue	**1,067.6**	1,005.6
Operative EBITDA	**130.3**	117.5
Operative EBITDA, %	**12.2**	11.7
EBITDA	**97.7**	93.3
EBITDA, %	**9.1**	9.3
Operative EBIT	**86.5**	75.3
Operative EBIT, %	**8.1**	7.5
EBIT	**45.7**	44.7
EBIT, %	**4.3**	4.4
Capital employed *	**758.0**	777.2
ROCE *	**6.0**	5.8
Capital expenditure	**75.2**	72.2
Cash flow after investing activities	**55.9**	8.1

*) 12-month rolling average

Paper segment's **revenue** increased 6% to EUR 1,067.6 million (1,005.6). The revenues in local currencies and excluding acquisitions and divestments grew 8% due to the sales volume growth, especially in polymers, sizing agents and other differentiated process chemicals. Sales price changes did not have a material impact on revenues. Currency exchange had a –2% impact.

Paper segment's revenues in **EMEA** increased 11% to EUR 606.3 million (546.5) driven by increased sales volumes of the two biggest differentiated product lines, polymers and sizing, as well as other process chemicals and bleaching chemicals. During the year, Kemira started four new AKD sizing production lines of which two in the EMEA region, one in NAFTA and one in APAC. New production lines support Kemira to better serve its big sizing customers in the various regions. Growth of other process chemicals sales volumes was supported by increased Fennobind binder capacity that was succesfully ramped up in the continental Europe in 2013.

In **NAFTA**, revenues, excluding the –4% currency exchange impact, increased 7% to EUR 294.7 million (286.2). Growth was mainly driven by the increased differentiated chemicals sales volumes, as well as somewhat higher sales prices. In September, Kemira announced the acquisition of Soto Industries Inc. (Vancouver, Canada). Soto supplies a broad range of differentiated chemicals including digester scale control, silicone and oil-based defoamers, as well as polymers used in green liquor clarification and effluent treatment for pulp and papermaking.

In **SA**, revenues in local currencies grew nearly 7% to EUR 75.8 million (77.3), supported by sales volume growth in all main product lines. In July, Kemira completed the expansion of its hydrogen peroxide plant in Fray Bentos, Uruguay to serve the growing demand of the product in the SA region.

In **APAC**, sales volumes recovered during the year, but revenues declined approximately 5% to EUR 90.8 million (95.6), mainly due to lower market prices for fatty acid and thus lower sales prices for AKD wax, as well as unfavorable currency exchange. In December, Kemira started the test production of defoamer and deinking agents in its new production site in Nanjing, China. Production of the most important product line at the site, ASA sizing, is expected to start in the first quarter of 2014 and full scale production capacity is expected during the second quarter of 2014.

Operative EBIT increased 15% to EUR 86.5 million (75.3) as a result of higher sales volumes. Variable and fixed costs remained at the level of 2012. Currency exchange had EUR –4 million impact. The operative EBIT margin improved to 8.1% (7.5%).

MUNICIPAL & INDUSTRIAL

M&I is a leading water chemicals supplier for raw and waste water applications in EMEA and North America, and aims to capture selected growth opportunities in emerging markets. We enable our municipal and industrial customers to improve their water treatment efficiency by supplying them with competitive, high-performing products and value adding application support.

EUR million	Jan–Dec 2013	Jan–Dec 2012
Revenue	**659.4**	686.6
Operative EBITDA	**68.3**	64.0
Operative EBITDA, %	**10.4**	9.3
EBITDA	**–0.5**	34.0
EBITDA, %	**–0.1**	5.0
Operative EBIT	**45.8**	39.2
Operative EBIT, %	**6.9**	5.7
EBIT	**–23.4**	–16.5
EBIT, %	**–3.6**	–2.4
Capital employed *	**309.2**	374.4
ROCE *	**–7.6**	–4.4
Capital expenditure	**46.9**	31.7
Cash flow after investing activities	**36.7**	39.2

*) 12-month rolling average

The Municipal & Industrial segment's **revenue** decreased 4% to EUR 659.4 million (686.6). The revenues in local currencies and excluding acquisitions and divestments decreased by 2% due to the lower sales volumes, that could only partly be compensated by the higher sales prices. Currency exchange had an impact of –2%. Acquisition had a 1% impact and divestments a –1% impacts on revenues.

In **EMEA**, revenue remained nearly unchanged and was EUR 405.0 million (407.3). Sales volumes of water treatment chemicals grew slightly and could partly compensate for the somewhat lower sales prices. In September, Kemira announced that in line with its strategy, Municipal & Industrial has started the implementation of a new business model, driven by a more streamlined organization. The new organization has resulted in a reduction of approximately 50 employees and in a more focused R&D portfolio. The new business model includes customer segmentation based on customer needs and buying behaviour. The streamlined organization and the new business model are expected to result in more than EUR 5 million annual savings once fully implemented. In addition, Kemira sold some small commodity chemical product lines in Romania, and some small commodity chemical product lines, including a chemical distribution business in Denmark (closed on January 2, 2014) in the second half of 2013.

In **NAFTA**, revenue decreased 7% in local currencies to EUR 189.7 million (212.1). Lower sales volumes had negative impact on revenue while operative EBIT margin improved through a better product mix.

In December, Kemira divested its iron and aluminium coagulant business in Brazil. The divestment of the coagulant business in Brazil is in line with the Municipal & Industrial strategic focus on profitability improvement and cash flow maximization.

In April, Kemira decided to close its office in Hyderabad, India. At the same time, together with its joint venture partner, Kemira started to evaluate the possible future options for coagulant manufacturing joint venture facility in Vizag, India.

Operative EBIT increased 17% to EUR 45.8 million (39.2). "Fit for Growth" savings were the main reason for the improved profitability. Higher sales volumes and changes in sales prices also had positive impacts on the operative EBIT. Variable costs increased EUR 10 million, driven mainly by the higher propylene based raw material costs. The operative EBIT margin improved to 6.9% (5.7%). In November 2013, Kemira started test production in its coagulant plant in Dormagen, Germany. The investment will further strengthen Kemira's manufacturing network in Western Europe and secure a long-term, cost-efficient access to hydrochloric acid, the key raw material for coagulants.

OIL & MINING

O&M provides a unique combination of innovative chemicals and application knowledge that improves process efficiency and yield in oil, gas and metals recovery. We use our in-depth understanding of extraction processes to tailor solutions for water management and re-use. Expanding from our position in North America and EMEA, we continue to build a strong base for growth in South America, Middle East, and Africa.

EUR million	Jan–Dec 2013	Jan–Dec 2012
Revenue	**311.5**	321.1
Operative EBITDA	**32.7**	40.6
Operative EBITDA, %	**10.5**	12.6
EBITDA	**24.6**	31.2
EBITDA, %	**7.9**	9.7
Operative EBIT	**17.4**	25.9
Operative EBIT, %	**5.6**	8.1
EBIT	**6.5**	14.2
EBIT, %	**2.1**	4.4
Capital employed *	**188.2**	177.7
ROCE *	**3.5**	8.0
Capital expenditure	**69.8**	20.2
Cash flow after investing activities	**–60.6**	–5.3

*) 12-month rolling average

Oil & Mining segment's **revenue** decreased 3% to EUR 311.5 million (321.1) including the impact of 3% of the previously reported carryover on the termination of low margin product sales. The revenue in local currencies, excluding the impact of exited product sales and acquisitions, remained at the same level as in 2012. Acquisition of 3F had 2% positive impact and currency exchange –3% impact on revenues.

In **NAFTA**, revenue in local currencies increased close to 10% to EUR 175.4 million (167.8), mainly due to the sales volume growth of polymers and other process chemicals. The acquisition of 3F in October 2013 had a 4% positive impact on revenues. 3F produces dry and emulsion polyacrylamide polymers and related process chemicals, supported by backward integrated key intermediates, such as bio-acrylamide and cationic monomers. Oil & Mining segment uses the 3F products in drilling, extraction and stimulation in the oil & gas industry and in production optimization in the mining industry.

In **EMEA**, revenue declined 9% to EUR 104.6 million (115.3) as a result of lower sales volumes and sales prices. Continued softness of the mining industry was the main reason for the lower sales activity.

The operative EBIT decreased 33% to EUR 17.4 million (25.9) as a result of lower revenue and higher fixed as well as variable costs. The operative EBIT margin declined to 5.6% (8.1%).

CHEMSOLUTIONS

ChemSolutions reliably provides customers with formic acid and high-performing derivatives as well as environmentally sound bleaching agents. Our economy of scale, based on our world-class operations in EMEA in combination with our people's dedication to quality and efficiency, enable us to continuously improve our competitiveness.

EUR million	Jan–Dec 2013	Jan–Dec 2012
Revenue	**190.6**	227.6
Operative EBITDA	**20.7**	27.3
Operative EBITDA, %	**10.9**	12.0
EBITDA	**20.0**	21.3
EBITDA, %	**10.5**	9.4
Operative EBIT	**14.5**	15.1
Operative EBIT, %	**7.6**	6.6
EBIT	**13.8**	–9.3
EBIT, %	**7.2**	–4.1
Capital employed *	**99.1**	192.6
ROCE *	**13.9**	–4.8
Capital expenditure	**5.5**	10.0
Cash flow after investing activities	**82.3**	23.6

*) 12-month rolling average

ChemSolutions segment's **revenue** decreased 16% to EUR 190.6 million (227.6). The revenue in local currencies and excluding divestments increased 2%, mainly due to the higher sales volumes in all main product lines. Sales prices were slightly lower than in 2012. The divestment of the food and pharmaceuticals businesses had an impact of –18% on revenues.

In December, Kemira signed an agreement to sell its formic acid business, including the feed and the airport runway de-icing product lines, to Taminco Corporation. The transaction includes a manufacturing asset for formic acid in Oulu, Finland and approximately 160 employees. The closing of the transaction is expected during the first quarter in 2014. Sodium percarbonate, the remaining business within the ChemSolutions segment, will stay within Kemira and will be reported as part of the Paper segment after closing. After the transaction is closed, the ChemSolutions segment will be discontinued.

Operative EBIT decreased 4% to EUR 14.5 million (15.1) mainly due to the divestment of the food and pharmaceuticals businesses. The operative EBIT margin increased to 7.6% (6.6%).

PARENT COMPANY'S FINANCIAL PERFORMANCE

Kemira Oyj's revenue increased to EUR 1,382.1 million (1,356.0) in 2013. The EBIT was EUR –10.3 million (–38.2). EBIT increased mainly due to higher revenue and other operating income while variable and fixed costs decreased. The parent company's net financial income was EUR 147.0 million (86.9). Net profit totaled EUR 141.2 million (68.7). Capital expenditure totaled EUR 28.3 million (13.4) excluding investments in subsidiaries.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 31, 2013, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the Annual General Meeting.

At the end of December, 2013, Kemira Oyj had 30,640 registered shareholders (30,601 at the end of December 2012). Foreign shareholding of Kemira's shares increased 26% during the year and was 21.6% (17.1% at the end of December 2012), including nominee registered holdings. Households owned 14.9% of the shares (15.4% at the end of December 2012). Kemira held 3,301,006 treasury shares (3,301,769 at the end of December, 2012) representing 2.1% (2.1% at the end of December 2012) of all company shares. On the basis of Kemira's share-based incentive scheme, Kemira has received a return of 7,389 Kemira's shares during January-December 2013. Based on the decision of the Annual General Meeting of Kemira Oyj on March 26, 2013, Kemira Oyj has transferred 8,152 shares on May 5, 2013, to the members of the Board of Directors as part of the Board's remuneration.

Kemira Oyj's share closed at EUR 12.16 at the NASDAQ OMX Helsinki at the end of 2013 (2012: 11.81). The share price increased 3% during the year while OMX Helsinki Cap index increased 26%. STOXX Chemicals (Europe), chemical sector benchmark index for Kemira, increased 15% in 2013 (2012: 30%). Shares registered a high of EUR 13.02 (12.00) and a low of EUR 10.55 (8.00). The average share price of Kemira increased 16% and was EUR 11.76 (10.10). The volatility of Kemira's share price in 2013 was 24% (3 year volatility: 34%, 5 year: 37%). (Source: Factset)

Kemira's market capitalization, excluding treasury shares, was EUR 1,849 million at the end of the year 2013 (2012: 1,796).

In 2013, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki decreased 27% to 65 million (2012: 89) shares. Share turnover value decreased 15% and was EUR 757.2 million (886.7). The average daily trading volume was 259,748 (352,397) shares. On NASDAQ OMX Helsinki stock exchange, the total trading volume decreased 4% in 2013 to EUR 95.3 billion (98.7).

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at BATS Chi-X and Turquoise. In 2013, a total of 28 million (29) Kemira Oyj shares were traded at alternative market places, i.e. approximately 30% (26%) of the total amount of traded shares executed on-book. (Source: Fidessa)

The total amount of traded Kemira shares, including trade on NASDAQ OMX Helsinki and multilateral trading facilities decreased 21% in 2013 compared to 2012.

OWNERSHIP DEC 31, 2013

Corporations	40.5%
Financial and insurance corporations	6.6%
General government	12.1%
Households	14.9%
Non-profit institutions	4.3%
Non-Finnish shareholders incl. nominee register	21.6%

SHAREHOLDING BY NUMBER OF SHARES HELD DEC 31, 2013

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	6,341	20.7	392,463	0.3
101–500	13,399	43.7	3,631,113	2.3
501–1,000	5,023	16.4	3,771,632	2.4
1,001–5,000	4,909	16.0	9,935,330	6.4
5,001–10,000	487	1.6	3,486,020	2.3
10,001–50,000	345	1.1	6,708,214	4.3
50,001–100,000	59	0.2	4,202,877	2.7
100,001–500,000	60	0.2	11,343,842	7.3
500,001–1,000,000	5	0.0	3,125,106	2.0
1,000,001–	12	0.1	108,745,960	70.0
Total	**30,640**	**100.0**	**155,342,557**	**100.0**

LARGEST SHAREHOLDERS DECEMBER 31, 2013

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	28,278,217	18.2
2	Solidium Oy	25,896,087	16.7
3	Varma Mutual Pension Insurance Company	9,464,836	6.1
4	Ilmarinen Mutual Pension Insurance Company	3,840,451	2.5
5	Nordea Funds	3,589,351	2.3
6	Tapiola Mutual Pension Insurance Company	2,600,000	1.7
7	Mandatum Life	1,626,167	1.1
8	Danske Invest funds	1,495,176	1.0
9	The State Pension Fund	1,040,000	0.7
10	Pohjola Fund Management	819,817	0.5
11	Sigrid Jusélius Foundation	730,000	0.5
12	Kaleva Mutual Insurance Company	603,337	0.4
13	The Local Goverment Pensions Institution	426,482	0.3
14	Aktia Funds	400,000	0.3
15	Valio Pension Fund	359,469	0.2
	Kemira Oyj	3,301,006	2.1
	Nominee-registered and foreign shareholders	33,595,809	21.6
	Others, total	37,276,352	23.8
	Total	**155,342,557**	**100.0**

SHARE-BASED INCENTIVE PLAN FOR THE STRATEGIC MANAGEMENT

In February 2012, Kemira's Board of Directors decided to establish a new share-based incentive plan that follows the already terminated 2009–2011 plan aimed at the company's strategic management for the years 2012–2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to the achievement of performance targets set by the Board of Directors, which include both internal and external performance targets. The internal target-setting is divided into three one-year performance periods: 2012, 2013, and 2014. Payment depends on the achievement of the set intrinsic value targets calculated from the development of the EBITDA and the development of the net debt. The program also includes a three-year external goal, which is tied to the relative total shareholder return (TSR) performance during 2012–2014. As a guiding principle, rewards will only be paid based on excellent performance.

The value of the aggregate reward paid out in the course of the three-year plan may not exceed 120% of CEO's and 100% of the other participants' gross salary for the same period. The applicable taxes will be deducted from the gross earning and the remaining net value is delivered to the participants in Kemira shares.

Shares earned through the plan must be held for a minimum of two years following each payment. In addition, participants of the plan must retain fifty per cent of the shares obtained under the plan until their ownership of Kemira shares based on shares obtained through the share-based incentive programs of Kemira has reached a share ownership level which in value equals at least their gross annual salary for as long as they remain participants in the plan.

The shares transferable under the plan comprise treasury shares or Kemira Oyj shares available in public trading.

In addition to the share-based incentive plan aimed at the strategic management, Kemira has a share-based incentive plan aimed at other key employees. The participants in the strategic management plan will not participate in this plan for the key employees.

The share-based incentive plan for the strategic management aims to align the goals of shareholders and strategic management in order to increase the value of the company, motivate the strategic management, and provide competitive shareholder-based incentives.

AGM DECISIONS

ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting, held on March 26, 2013, confirmed a dividend of EUR 0.53 per share for 2012 (0.53). The dividend was paid out on April 9, 2013.

The AGM 2013 authorized the Board of Directors to decide upon the repurchase of a maximum of 4,500,000 company's own shares ("Share repurchase authorization"). The Share repurchase authorization is valid until the end of the next Annual General Meeting. The Board has not exercised its authority by December 31, 2013.

The AGM 2013 also authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 of the company's own shares held by the company ("Share issue authorization"). The Share issue authorization is valid until May 31, 2014. The share issue authorization has been used in connection with the remuneration of the Board of Directors.

The AGM elected Deloitte & Touche Oy, to serve as the company's auditor, with Jukka Vattulainen, Authorized Public Accountant, acting as the principal auditor.

CORPORATE GOVERNANCE AND GROUP STRUCTURE

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act and NASDAQ OMX Helsinki Ltd's rules and regulations on listed companies. Furthermore, the company complies with the Finnish Corporate Governance Code. The company's corporate governance is presented as a separate statement on the company's website.

BOARD OF DIRECTORS

On March 26, 2013, the AGM elected five Board members. The AGM reelected Winnie Fok, Juha Laaksonen, Jari Paasikivi, Kerttu Tuomas and Jukka Viinanen to the Board of Directors. Jukka Viinanen was elected to continue as the Board's Chairman and Jari Paasikivi as the Vice Chairman. In 2013, Kemira's Board of Directors met 16 times with 98% attendance rate.

Kemira Oyj's Board of Directors has appointed two committees: the Audit Committee and the Compensation Committee. The Audit Committee is chaired by Juha Laaksonen and has Jari Paasikivi as a member. In 2013, the Audit Committee met 6 times with a 100% attendance rate. The Compensation Committee is chaired by Jukka Viinanen and has Jari Paasikivi and Kerttu Tuomas as members. In 2013, the Compensation Committee met 5 times with a 100% attendance rate.

CHANGES TO COMPANY MANAGEMENT

On May 1, 2013, Frank Wegener was appointed as the President of Municipal & Industrial segment (previously President, ChemSolutions) and Hannu Virolainen as the President of ChemSolutions segment (previously the President of Municipal & Industrial).

On May 6, 2013, Jukka Hakkila, Group General Counsel was appointed as a new deputy CEO. On June 5, 2013, Petri Castrén was appointed as Chief Financial Officer and member of the Management Board as of September 1, 2013.

On September 27, 2013, Kemira announced that Kemira's President and CEO Wolfgang Büchele will resign from his position. It has been agreed that Büchele will continue as Kemira's President and CEO until April 30, 2014. On January 7, 2014, Kemira Board of Directors appointed Jari Rosendal as Kemira Oyj's President and Chief Executive Officer as of May 1, 2014.

On January 30, 2014, Kemira announced that Randy Owens, President of the Oil & Mining segment and region North America will leave Kemira as of April 30, 2014. In addition, Kemira announced that Hilton Casas, President of the region South America will leave Kemira as of March 31, 2014.

STRUCTURE

The acquisitions and divestments made during the year are discussed under segment information.

SHORT-TERM RISKS AND UNCERTAINTIES

At Kemira, a risk is defined as an event or circumstance, which, if it materializes, may affect Kemira's ability to meet its strategic, operational and financial goals in a sustainable and ethical way. Kemira's risk management policy and principles proactively protect and help Kemira to reach the desired aggregate risk level and ensure the continuity of Kemira's operations.

CHANGES IN CUSTOMER DEMAND

Significant and rapid decline in the use of certain chemicals (e.g. chemicals for packaging and board production) or in the demand of customers' products (e.g. certain paper qualities) could have a negative impact on Kemira's business, especially in the Paper segment. Also increased awareness of and concern towards climate change and more sustainable products may change customers' demands, for instance towards water treatment technologies with lower chemical consumption, and this may impact negatively especially on Kemira Municipal & Industrial segment's ability to compete. Failure from Kemira's side to be prepared to meet and manage these changed expectations could result in loss of market share.

In order to manage and mitigate this risk, Kemira systematically monitors leading indicators and early warning indicators that focus on market development. Kemira has also increased its focus on sustainability and is further improving coordination and cooperation between Business Development, R&D and Sales units in order to better understand the future needs and expectations of its customers. Kemira's geographic and customer-industry diversity also provides partial protection against this risk.

CHANGES IN LAWS AND REGULATIONS

Kemira's business is subject to various laws and regulations which are relevant in developing and implementing Kemira's strategy. Although laws and regulations can generally be considered as an opportunity for Kemira, certain new legislative initiatives supporting for instance the use of biodegradable raw materials or biological water treatment, limiting the use of aluminium or phosphates, or relating to recovery or recycling of phosphorus, may also have a negative impact on Kemira's business. Significant changes, for instance in chemical, environmental or transportation laws and regulations (e.g. REACH, EU sulphur directive) may generate an excessive amount of administrative work and create a risk of not fulfilling customers' compliance requirements on time. Such regulatory changes may also impact on Kemira's profitability through increase in production and transportation costs. At the same time such changes may also create new business opportunities for Kemira.

Kemira is continuously following regulatory discussions in order to maintain the awareness of the contents and planned changes of those laws and regulations which may have an impact, for instance, on its sales, production planning and product development needs. Regulatory effects are systematically considered in strategic decision-making. Kemira also participates actively in regulatory discussions whenever possible and justified from the industry or business perspective.

COMPETITION

Kemira operates in a rapidly changing and competitive business environment, which represents a considerable risk to meeting its goals. New players seeking for a foothold in Kemira's key business segments may use aggressive means as a competitive tool, which could affect Kemira's financial results. Major competitor consolidations are considered to be risks which may result in weakening of Kemira's market position.

Kemira is seeking growth in segments that are less familiar and where new competitive situations prevail. In the long-term, completely new types of technology may considerably change the current competitive situation. This risk is managed both at the Group and segment levels through continuous monitoring of the competition. The company aims at responding to competition with active management of customer relationships and continuous development of its products and services to further differentiate itself from the competitors.

PRICE AND AVAILABILITY OF RAW MATERIALS AND COMMODITIES

Continuous improvement of profitability is a crucial part of Kemira's strategy. Significant and sudden increase in the costs of raw materials, commodity or logistic costs could place Kemira's profitability targets at risk if Kemira was unable to pass such increase to product prices without delay. For instance, high oil and electricity prices could materially weaken Kemira's profitability.

Changes in the field of raw material suppliers, such as consolidation or decreasing capacity, may increase raw material prices. Also changes in material demand in industries that are main users of certain raw materials may lead to significant raw material price fluctuations. Poor availability of certain raw materials may affect Kemira's production if Kemira fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Supply Chain Management function (SCM). Risk management includes, for instance forward-looking forecasting of key raw materials and commodities, synchronization of raw material purchase agreements and sales agreements, strategic investment in energy generating companies and hedging a portion of the energy and electricity spend.

ECONOMIC CONDITIONS

Uncertainties in the global economic development are considered to include risks, such as low-growth period in the global GDP, which could have a negative impact on the demand of Kemira's products. Further weak economic development may also have serious effects on the liquidity of Kemira's customers, which could result in increased credit losses for Kemira. Unfavorable market conditions may also increase the availability and price risk of certain raw materials. Kemira's geographical and customer-industry diversity provides only partial protection against this risk.

A detailed account of Kemira's risk management principles and organization is available on the company's website at http://www.kemira.com. An account of the financial risks is available in the Notes to the Financial Statements 2013. Environmental, hazard, supplier and talent mananegment risks are discussed in Kemira's corporate responsibility report that will be published as part of the Kemira Annual Report 2013 during the week beginning on February 24, 2014.

OTHER EVENTS DURING THE REVIEW PERIOD

On April, 23, 2013, Kemira started to establish a multifunction Business Service Center in Gdansk, Poland to serve all of Kemira's businesses in the EMEA region. The scope of the new center is planned to include all transactional activities in the support functions. Once fully implemented, the annual cost savings target for the support functions re-organizing in EMEA will be close to EUR 10 million and the related restructuring charges are expected to amount to approximately EUR 20 million.

On April, 23, 2013, Kemira announced a closure of its production facility in Vaasa, Finland, belonging to the Paper segment. The purpose of the closure is to optimize the utilization of Kemira's global process chemicals production network. The annual cost saving target for the site closure is EUR 5 million and the related restructuring charges approximately EUR 25 million.

EVENTS AFTER THE REVIEW PERIOD

PROPOSALS OF THE NOMINATION BOARD TO THE ANNUAL GENERAL MEETING 2014

Kemira Nomination Board proposed to the Annual General Meeting of Kemira Oyj that six members be elected to the Board of Directors and that the present members Winnie Fok, Juha Laaksonen, Jari Paasikivi and Kerttu Tuomas be re-elected as members of the Board of Directors. Nomination Board proposes that Wolfgang Büchele and Timo Lappalainen be elected as new members of the Board of Directors. In addition, the Nomination Board proposes Jari Paasikivi to be elected as the Chairman of the Board of Directors and Kerttu Tuomas to be elected as the Vice Chairman. Jukka Viinanen informed the Nomination Board, that he is not available as a candidate to continue in Kemira's Board of Directors.

The Nomination Board proposed to the Annual General Meeting that the remuneration paid to the members of the Board of Directors will remain unchanged. The remuneration paid to the members of the Board of Directors would thus be as follows. The annual fees: for the Chairman EUR 74,000 per year, for the Vice Chairman and the Chairman of the Audit Committee EUR 45,000 per year and for the other members EUR 36,000 per year. A fee payable for each meeting of the Board of Directors and the Board Committees would be for the members residing in Finland EUR 600, for the members residing in rest of Europe EUR 1,200 and for the members residing outside Europe EUR 2,400. Travel expenses are proposed to be paid according to Kemira's travel policy.

In addition, the Nomination Board proposed to the Annual General Meeting that the annual fee 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 company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report January 1–March 31, 2014. The meeting fees are proposed to be paid in cash.

The Nomination Board has consisted of the following representatives: Pekka Paasikivi, Chairman of the Board of Oras Invest Oy as the Chairman of the Nomination

Board; Kari Järvinen, Managing Director of Solidium Oy; Risto Murto, President and CEO of Varma Mutual Pension Insurance Company and Timo Ritakallio, Deputy CEO of Ilmarinen Mutual Pension Insurance Company as members of the Nomination Board and Jukka Viinanen, Chairman of Kemira's Board of Directors as an expert member.

DIVIDEND AND DIVIDEND POLICY

On December 31, 2013, Kemira Oyj's distributable funds totaled EUR 681,978,945 net profit, which accounted for EUR 141,177,720 for the period. No material changes have taken place in the company's financial position after the balance sheet date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 24, 2014 that a dividend of EUR 0.53 totaling EUR 81 million, equivalent to 76% (69%) of the operative net profit, shall be paid on the basis of the adopted balance sheet for the financial year ended December 31, 2013.

Kemira's dividend policy is to distribute a dividend that accounts for 40–60% of its operative net profit. Operative net profit means net profit for the period excluding non-recurring items and adjusted for tax effects.

KEMIRA'S FINANCIAL TARGETS, RESTRUCTURING PROGRAM "FIT FOR GROWTH" AND OUTLOOK 2014

Kemira will continue to focus on improving its profitability and reinforcing the positive cash flow. The company will also continue to invest in order to secure future growth in the water quality and quantity management business.

Kemira's financial targets have been revised in connection with its strategy update on April 23, 2013. The company's financial targets for 2016 are:

- revenue EUR 2.6–2.7 billion
- EBITDA-% of revenue 15%
- gearing level < 60%.

In addition, Kemira expects its medium-term operative tax rate to be in the range of 22%-24%. The operative tax rate excludes non-recurring items and the impact of the income from associated companies.

The basis for growth is the expanding market for chemicals related to water quality and quantity management and Kemira's strong expertise in this field. The need to increase operational efficiency in our customer industries creates opportunities for Kemira to develop new products and services for both current and new customers. Research and Development is a critical organic growth enabler for Kemira and it provides differentiation capabilities in the water quality and quantity management markets. Kemira will invest in innovation, technical expertise, and competencies in the targeted focus areas.

RESTRUCTURING PROGRAM "FIT FOR GROWTH"

Kemira Oyj has continued to implement its global restructuring program "Fit for Growth", launched at the end of July 2012 in order to improve the company's profitability, its internal efficiency and to accelerate the growth in emerging markets without sacrificing business opportunities in the mature markets. In 2012, the cost savings impact of "Fit for Growth" was EUR 10 million. In 2013, "Fit for Growth"-related cost savings were EUR 46 million and nearly reaching the full cost savings run rate of EUR 60 million on an annualized basis at the end of 2013. "Fit for Growth" related savings will not be reported separately anymore in the coming Kemira interim reports.

Outlook

In 2014, Kemira expects its revenue in local currencies and excluding acquisitions and divestments to be slightly higher than in 2013 and its operative EBIT to be higher than in 2013.

The guidance for 2014 is defined as follows.

Kemira guidance	Definition
Slightly higher/lower	from 0% to 5% or from 0% to –5%
Higher/lower	from 5% to 15% or from –5% to –15%
Significantly higher/lower	more than 15% or less than –15%

Helsinki, February 7, 2014

Kemira Oyj
Board of Directors

All forward-looking statements in this review 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.

Group Key Figures

FINANCIAL FIGURES

	2013	2012	2011	2010	2009
INCOME STATEMENT AND PROFITABILITY					
Revenue, EUR million [1]	**2,229**	2,241	2,207	2,161	1,970
Operating profit, EUR million [2,3]	**43**	33	158	156	110
% of revenue	**2**	1	7	7	6
Share of profit or loss of associates, EUR million [1,2]	**–1**	11	31	9	–5
Finance income and costs (net), EUR million [1]	**39**	16	21	27	38
% of revenue	**2**	1	1	1	2
Interest cover [1,2,3]	**4**	11	12	10	5
Profit before tax, EUR million [1,3]	**3**	29	168	138	67
% of revenue	**0**	1	8	6	3
Net profit for the period (attributable to equity owners of the parent), EUR million [1,3]	**–32**	18	136	111	54
Return on investment (ROI), % [3,4]	**1**	3	9	7	7
Return of equity (ROE), % [3]	**–3**	1	10	9	7
Return on capital employed (ROCE), % [3]	**3**	3	11	10	8
Research and development expenses, EUR million [1]	**32**	42	40	42	37
% of revenue	**1**	2	2	2	2
CASH FLOW					
Net cash generated from operating activities, EUR million	**200**	176	178	133	288
Disposals of subsidiaries and property, plant and equipment and intangible assets, EUR million	**193**	30	137	–6	2
Capital expenditure, EUR million	**198**	134	201	107	86
% of revenue	**9**	6	9	5	3
Cash flow after capital expenditure, EUR million	**196**	72	115	169	202
Cash flow return on capital invested (CFROI), % [3]	**10**	8	8	6	12
BALANCE SHEET AND SOLVENCY					
Non-current assets, EUR million	**1,501**	1,682	1,846	1,862	1,886
Shareholders' equity (Equity attributable to equity owners of the parent), EUR million [3]	**1,113**	1,247	1,358	1,340	1,250
Total equity, EUR million [3]	**1,126**	1,261	1,371	1,366	1,269
Total liabilities, EUR million	**1,086**	1,202	1,306	1,178	1,548
Total assets, EUR million [3]	**2,211**	2,462	2,677	2,544	2,817
Interest-bearing net liabilities, EUR million	**456**	532	516	536	676
Equity ratio, %	**51**	51	51	54	45
Gearing, % [3]	**41**	42	38	39	53
Interest-bearing net liabilities per EBITDA [3]	**3.2**	3.0	2.0	1.9	2.5
PERSONNEL					
Personnel (average)	**4,632**	5,043	5,006	5,608	8,843
of whom in Finland	**1,027**	1,173	1,145	1,241	1,929
EXCHANGE RATES					
Key exchange rates at 31 Dec					
USD	**1.379**	1.319	1.294	1.336	1.441
SEK	**8.859**	8.582	8.912	8.966	10.252
BRL	**3.258**	2.704	2.416	2.217	2.511

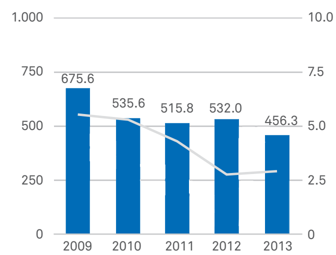
[1] The financial figures for 2010 and 2009 are presented without the spin-off effect of Tikkurila.

[2] Share of profit or loss of associates is presented after finance expenses.

[3] Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´.

[4] The financial figure for 2013 has been restated. Finance costs have been decreased by EUR 23 million related to written-down of the associate company of Sachtleben.

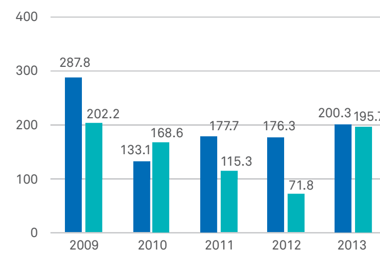
Net liabilities and financial expenses [1-2]



Interest bearing net liabilities (EUR million)
Net financial expenses (%)

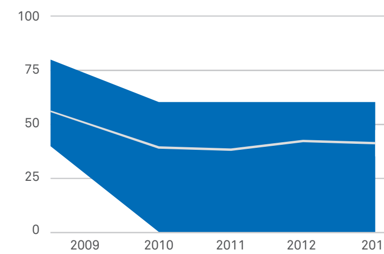
[1] Excluding Tikkurila 2009 and 2010
[2] Excluding written-down of associate company of Sachleben in 2013.

Cash flow (EUR million)



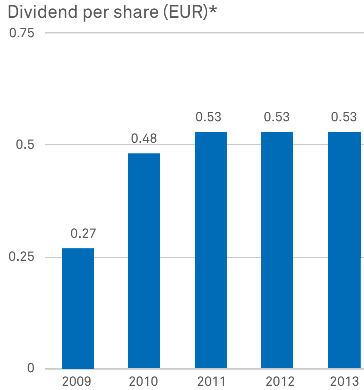
Net cash generated from operating activities
Cash flow after investments

Gearing (%)



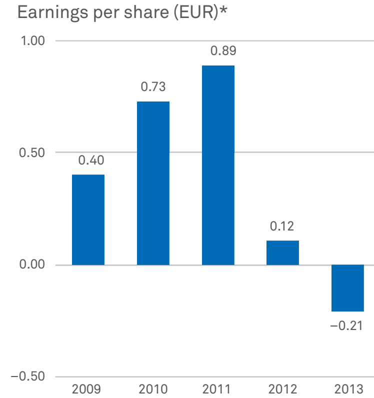
Comfort zone
Interest bearing liabilities divided by equity

Dividend per share (EUR)*



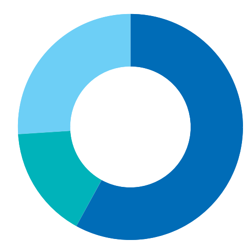
*The dividend for 2013 is the Board of Director's proposal to the Annual General Meeting

Earnings per share (EUR)*



*Excluding Tikkurila 2009 and 2010

Operating expenses (%)



Material and services and change in inventories, 58%
Personnel expenses, 16%
Other expenses, 26%

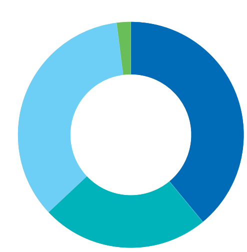
Capital expenditure by character (%)

Maintenance, 22%
Improvement, 26%
Expansion, 52%

Revenue by region (%)

Finland, domicile of the parent company, 15%
Europe, Middle East and Africa, 42%
North America, 30%
South America, 7%
Asia Pacific, 6%

Capital expenditure by segment (%)



Paper, 39%
Municipal & Industrial, 24%
Oil & Mining, 35%
ChemSolutions, 2%

Group Key Figures

PER SHARE FIGURES

	2013	2012	2011	2010	2009
PER SHARE FIGURES					
Earnings per share, continuing operations, basic and diluted, EUR [1) 3) 5)]	**–0.21**	0.12	0.89	0.73	0.40
Earnings per share, basic and diluted, EUR [1) 3) 5)]	**–0.21**	0.12	0.89	4.23	0.61
Cash flow from operations per share, EUR [1) 3)]	**1.32**	1.16	1.17	0.88	2.13
Dividend per share, EUR [1) 2) 3) 4)]	**0.53**	0.53	0.53	0.48	0.27
Dividend payout ratio, % [1) 2) 3) 4)]	**–255.0**	455.1	59.4	65.7	44.3
Dividend yield [1) 2) 4) 5)]	**4.4**	4.5	5.8	4.1	2.6
Equity per share, EUR [1) 5)]	**7.32**	8.20	8.94	8.83	8.25
Price per earnings per share (P/E ratio) [1) 3) 5)]	**–58.50**	101.51	10.28	16.01	17.14
Price per equity per share [1) 3) 5)]	**1.66**	1.44	1.03	1.33	1.26
Price per cash flow per share [1) 3)]	**9.23**	10.18	7.85	13.34	4.87
Dividend paid, EUR million [2) 4)]	**80.6**	80.6	80.6	72.8	41.0
SHARE PRICE AND TURNOVER					
Share price, year high, EUR [3)]	**13.02**	12.00	12.67	13.19	11.63
Share price, year low, EUR [3)]	**10.55**	8.00	7.80	7.89	3.87
Share price, year average, EUR [3)]	**11.76**	10.10	10.49	10.15	7.64
Share price at 31 Dec, EUR [3)]	**12.16**	11.81	9.18	11.70	10.39
Number of shares traded (1,000)	**64,937**	88,346	109,013	115,850	83,792
% on number of shares	**42**	57	70	75	54
Market capitalization at 31 Dec, EUR million [1)]	**1,848.8**	1,795.6	1,395.6	1,775.3	1,574.0
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) [1)]	**152,039**	152,037	151,994	151,697	134,824
Average number of shares, diluted (1,000) [1)]	**152,179**	152,173	152,152	152,017	135,085
Number of shares at 31 Dec, basic (1,000) [1)]	**152,042**	152,041	152,030	151,735	151,488
Number of shares at 31 Dec, diluted (1,000) [1)]	**152,091**	152,090	152,030	152,055	151,748
Increase in number of shares (1,000)	**1**	11	295	247	30,298
Share capital, EUR million	**221.8**	221.8	221.8	221.8	221.8

[1)] Number of shares outstanding, excluding the number of treasury shares bought back.

[2)] The total cash dividend payout during 2010 for the financial year 2009 was EUR 41.0 million (EUR 0.27 per share), in addition to the Tikkurila shares which were distributed as a dividend to a total amount of EUR 599.3 million (EUR 3.95 per shares). Kemira distributed to its shareholders as dividend a total of 37,933,097 shares in Tikkurila. The purchase price of Tikkurila's share was EUR 15.80. Each Kemira's four shares entitled one Tikkurila's share as dividend. The share figures based on dividend are calculated in accordance with cash dividend.

[3)] Years 2009 and 2010 rights offering restatements.

[4)] The dividend for 2013 is the Board of Director's proposal to the Annual General Meeting.

[5)] Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´.

Definitions of Key Figures

PER SHARE FIGURES

EARNINGS PER SHARE (EPS)

$$\frac{\text{Net profit attributable to equity owners of the parent}}{\text{Average number of shares}}$$

CASH FLOW FROM OPERATIONS

Cash flow from operations, after change in net working capital and before investing activities

CASH FLOW FROM OPERATIONS PER SHARE

$$\frac{\text{Cash flow from operations}}{\text{Average number of shares}}$$

DIVIDEND PER SHARE

$$\frac{\text{Dividend paid}}{\text{Number of shares at 31 Dec}}$$

DIVIDEND PAYOUT RATIO

$$\frac{\text{Dividend per share x 100}}{\text{Earnings per share (EPS)}}$$

DIVIDEND YIELD

$$\frac{\text{Dividend per share x 100}}{\text{Share price at 31 Dec}}$$

EQUITY PER SHARE

$$\frac{\text{Equity attributable to equity owners of the parent at 31 Dec}}{\text{Number of shares at 31 Dec}}$$

SHARE PRICE, YEAR AVERAGE

$$\frac{\text{Shares traded (EUR)}}{\text{Shares traded (volume)}}$$

PRICE PER EARNINGS PER SHARE (P/E)

$$\frac{\text{Share price at 31 Dec}}{\text{Earnings per share (EPS)}}$$

PRICE PER EQUITY PER SHARE

$$\frac{\text{Share price at 31 Dec}}{\text{Equity per share attributable to equity owners of the parent}}$$

PRICE PER CASH FLOW PER SHARE

$$\frac{\text{Share price at 31 Dec}}{\text{Cash flow from operations per share}}$$

SHARE TURNOVER, %

$$\frac{\text{Number of shares traded x 100}}{\text{Weighted average number of shares}}$$

FINANCIAL FIGURES

INTEREST-BEARING NET LIABILITIES

Interest-bearing liabilities - cash and cash equivalents

EQUITY RATIO, %

$$\frac{\text{Total equity x 100}}{\text{Total assets – prepayments received}}$$

GEARING, %

$$\frac{\text{Interest-bearing net liabilities x 100}}{\text{Total equity}}$$

INTEREST COVER

$$\frac{\text{Operating profit + depreciation, amortization and impairments}}{\text{Net financial expenses}}$$

RETURN ON INVESTMENTS (ROI), %

$$\frac{\text{(Profit before taxes + interest expenses + other financial expenses) x 100}}{\text{(Total assets – non-interest bearing liabilities)}^{1)}}$$

RETURN ON EQUITY (ROE), %

$$\frac{\text{Net profit attributable to equity owners of the parent x 100}}{\text{Equity attributable to equity owners of the parent}^{1)}}$$

CASH FLOW RETURN ON INVESTMENT (CFROI), %

$$\frac{\text{Cash flow from operations x 100}}{\text{(Total assets - interest-free liabilities)}^{1)}}$$

RETURN ON CAPITAL EMPLOYED (ROCE), %

$$\frac{\text{Operating profit + share of profit or loss of associates x 100}}{\text{Capital employed}^{1)\,2)}}$$

CAPITAL TURNOVER

$$\frac{\text{Revenue}}{\text{Capital employed}^{1)\,2)}}$$

INTEREST-BEARING NET LIABILITIES / EBITDA

$$\frac{\text{Interest-bearing net liabilities}}{\text{Operating profit + depreciation, impairments and reversal of impairments}}$$

NET FINANCIAL COST, %

$$\frac{\text{(Net financial expenses – dividend income – exchange rate differences) x 100}}{\text{Interest-bearing net liabilities}^{1)}}$$

1) Average

2) Capital employed = Net working capital + property, plant and equipment available for use + intangible assets + investments in associates

Kemira 2013 Consolidated Financial Statements • Consolidated Income Statement (EUR million)

Consolidated Income Statement (IFRS)

		Year ended 31 December	
	Note	**2013**	2012
Revenue	2	**2,229.1**	2,240.9
Other operating income	3	**15.2**	13.8
Operating expenses	4, 5	**–2,102.4**	–2,074.8
Depreciation, amortization and impairment	6, 11, 12, 13	**–99.3**	–146.8
Operating profit		**42.6**	33.1
Finance income	7	**4.4**	15.1
Finance expense	7	**–45.9**	–30.8
Exchange differences	7	**2.5**	0.0
Finance costs, net	7	**–39.0**	–15.7
Share of profit or loss of associates	2, 8	**–1.1**	11.2
Profit before tax		**2.5**	28.6
Income tax expense	9	**–28.4**	–6.2
Net profit for the period		**–25.9**	22.4
Net profit attributable to:			
Equity owners of the parent		**–31.6**	17.7
Non-controlling interests		**5.7**	4.7
Net profit for the period		**–25.9**	22.4
Earnings per share for net profit attributable to the equity owners of the parent company (EUR per share)			
Basic and diluted	10	**–0.21**	0.12

Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´, additional information is disclosed in the Group's accounting policies.

The notes are an integral part of these Consolidated Financial Statements.

Kemira 2013 Consolidated Financial Statements • Consolidated Statement of Comprehensive Income (EUR million)

Consolidated Statement of Comprehensive Income (IFRS)

		Year ended 31 December	
	Note	**2013**	2012
Net profit for the period		**–25.9**	22.4
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets		**–27.0**	5.4
Exchange differences on translating foreign operations		**–17.7**	2.3
Cash flow hedges		**–2.3**	–1.0
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements on defined benefit pensions		**22.6**	–38.6
Other comprehensive income for the period, net of tax	9, 19	**–24.4**	–31.9
Total comprehensive income for the period		**–50.3**	–9.5
Total comprehensive income attributable to:			
Equity owners of the parent		**–55.4**	–14.9
Non-controlling interests		**5.1**	5.4
Total comprehensive income for the period		**–50.3**	–9.5

Items in the Consolidated Statement of Comprehensive Income are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 9.

Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´, additional information is disclosed in the Group's accounting policies.

The notes are an integral part of these Consolidated Financial Statements.

Kemira 2013 Consolidated Financial Statements • Consolidated Balance Sheet (EUR million)

Consolidated Balance Sheet (IFRS)

	Note	Year ended 31 December 2013	2012
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	**471.9**	522.5
Other intangible assets	12	**75.3**	60.5
Property, plant and equipment	13	**644.5**	655.9
Investments in associates	8	**0.8**	122.8
Available-for-sale financial assets	14, 15	**233.6**	264.0
Deferred tax assets	22	**36.0**	30.1
Other investments		**9.2**	9.8
Defined benefit pension receivables	23	**29.8**	16.5
Total non-current assets		**1,501.1**	1,682.1
CURRENT ASSETS			
Inventories	16	**169.9**	181.9
Interest-bearing receivables	15, 17	**0.5**	0.3
Trade and other receivables	15, 17	**320.9**	353.1
Current income tax assets		**11.2**	18.9
Cash and cash equivalents	29	**102.0**	132.7
Total current assets		**604.5**	686.9
Non-current assets classified as held-for-sale	18	**105.4**	93.3
Total assets		**2,211.0**	2,462.3
EQUITY AND LIABILITIES			
EQUITY	19		
Equity attributable to equity owners of the parent			
Share capital		**221.8**	221.8
Other equity		**890.7**	1,025.6
Equity attributable to equity owners of the parent		**1,112.5**	1,247.4
Non-controlling interests		**13.0**	13.2
Total equity		**1,125.5**	1,260.6
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	15, 20, 21	**279.9**	387.5
Other liabilities	15	**21.4**	21.4
Deferred tax liabilities	22	**43.5**	39.1
Defined benefit pension liabilities	23	**73.8**	87.1
Provisions	24	**27.3**	21.8
Total non-current liabilities		**445.9**	556.9
CURRENT LIABILITIES			
Interest-bearing liabilities	15, 20, 21	**278.4**	277.2
Trade payables and other liabilities	15, 25	**302.6**	315.5
Current income tax liabilities		**13.6**	17.3
Provisions	24	**25.2**	23.8
Total current liabilities		**619.8**	633.8
Liabilities directly associated with the assets classified as held-for-sale	18	**19.8**	11.0
Total liabilities		**1,085.5**	1,201.7
Total equity and liabilities		**2,211.0**	2,462.3

Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´, additional information is disclosed in the Group's accounting policies.

The notes are an integral part of these Consolidated Financial Statements.

Kemira 2013 Consolidated Financial Statements • Consolidated Statement of Cash Flow (EUR million)

Consolidated Statement of Cash Flow (IFRS)

	Note	Year ended 31 December 2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		**–25.9**	22.4
Adjustments for			
Depreciation, amortization and impairment	6, 11, 12, 13	**99.3**	146.8
Income taxes	9	**28.5**	6.2
Finance expenses, net	7	**39.0**	15.7
Share of profit or loss of associates	8	**1.1**	–11.2
Other non-cash income and expenses not involving cash flow		**60.2**	39.4
Operating profit before change in net working capital		**202.2**	219.3
Change in net working capital			
Increase (–) / decrease (+) in inventories		**–3.5**	26.3
Increase (–) / decrease (+) in trade and other receivables		**14.1**	17.2
Increase (+) / decrease (–) in trade payables and other liabilities		**14.1**	–64.6
Change in working capital		**24.7**	–21.1
Cash generated from operations		**226.9**	198.2
Interest and other finance cost paid		**–27.7**	–28.7
Interest and other finance income received		**8.4**	8.0
Realized exchange gains and losses		**19.0**	13.4
Dividends received		**0.2**	15.6
Income taxes paid		**–26.5**	–30.2
Net cash generated from operating activities		**200.3**	176.3
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of subsidiaries, net of cash acquired	27	**–58.6**	0.0
Purchases of available-for-sale financial assets		**–4.1**	–0.4
Purchases of property, plant, equipment and intangible assets		**–134.8**	–133.7
Change in long-term loan receivables decrease (+) / increase (–)		**–0.5**	–0.2
Proceeds from sale of subsidiaries, net of cash disposed	26	**87.5**	0.0
Proceeds from sale of associates and paid-in-capital from associates		**97.7**	26.8
Proceeds from sale of available-for-sale financial assets		**2.8**	0.0
Proceeds from sale of property, plant and equipment		**5.4**	3.0
Net cash used in investing activities		**–4.6**	–104.5
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current interest-bearing liabilities (+)		**0.0**	1.6
Repayment from non-current interest-bearing liabilities (–)		**–95.1**	–81.5
Short-term financing, net increase (+) / decrease (–)		**–32.6**	43.3
Dividends paid		**–85.1**	–85.1
Other finance items		**–1.1**	–0.9
Net cash used in financing activities		**–213.9**	–122.6
Net decrease (–) / increase (+) in cash and cash equivalents		**–18.2**	–50.8
Cash and cash equivalents at 31 Dec		**102.0**	132.7
Exchange gains (+) / losses (–) on cash and cash equivalents		**–3.4**	–2.3
Cash and cash equivalents at 1 Jan		**123.6** [1]	185.8
Net decrease (–) / increase (+) in cash and cash equivalents		**–18.2**	–50.8

[1] Cash and cash equivalents at year ended 31 December, 2012 includes EUR 9.1 million investments, which have now been reclassified as Available-for-sale investments.

Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´, additional information is disclosed in the Group's accounting policies.

The notes are an integral part of these Consolidated Financial Statements.

Kemira 2013 Consolidated Financial Statements • Consolidated Statement of Changes in Equity (EUR million)

Consolidated Statement of Changes in Equity (IFRS)

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Reported equity at January 1, 2012	221.8	257.9	89.3	196.3	−24.6	−22.3	640.1	1,358.5	12.3	1,370.8
Effect of application of IAS 19 revised							−16.5	−16.5		−16.5
Restated equity at January 1, 2012	221.8	257.9	89.3	196.3	−24.6	−22.3	623.6	1,342.0	12.3	1,354.3
Net profit for the period							16.8	16.8	4.7	21.5
Other comprehensive income, net of tax			4.4		1.6			6.0	0.7	6.7
Total comprehensive income			4.4		1.6		16.8	22.8	5.4	28.2
Transactions with owners										
Dividends paid							−80.6	−80.6	−4.5	−85.1
Treasury shares issued to the Board of Directors						0.1		0.1		0.1
Share-based payments							0.8	0.8		0.8
Transfers in equity					−0.1		0.1	0.0		0.0
Transactions with owners					−0.1	0.1	−79.7	−79.7	−4.5	−84.2
Equity at December 31, 2012	221.8	257.9	93.7	196.3	−23.1	−22.2	577.2	1,301.6	13.2	1,314.8
Reported equity at January 1, 2013	**221.8**	**257.9**	**93.7**	**196.3**	**−23.1**	**−22.2**	**577.2**	**1,301.6**	**13.2**	**1,314.8**
Effect of application of IAS 19 revised							**−54.2**	**−54.2**		**−54.2**
Restated equity at January 1, 2013	**221.8**	**257.9**	**93.7**	**196.3**	**−23.1**	**−22.2**	**523.0**	**1,247.4**	**13.2**	**1,260.6**
Net profit for the period							−31.6	**−31.6**	5.7	**−25.9**
Other comprehensive income, net of tax			−29.3		−17.1		22.6	**−23.8**	−0.6	**−24.4**
Total comprehensive income			**−29.3**		**−17.1**		**−9.0**	**−55.4**	**5.1**	**−50.3**
Transactions with owners										
Dividends paid							−80.6	**−80.6**	−4.5	**−85.1**
Returned treasury shares						−0.1		**−0.1**		**−0.1**
Treasury shares issued to the Board of Directors						0.1		**0.1**		**0.1**
Share-based payments							0.2	**0.2**		**0.2**
Changes due to business combinations			−0.5				1.3	**0.8**	−0.8	**0.0**
Transfers in equity			0.1				−0.1	**0.0**		**0.0**
Other changes							0.1	**0.1**		**0.1**
Transactions with owners			**−0.4**			**0.0**	**−79.1**	**−79.5**	**−5.3**	**−84.8**
Equity at December 31, 2013	**221.8**	**257.9**	**64.0**	**196.3**	**−40.2**	**−22.2**	**434.9**	**1,112.5**	**13.0**	**1,125.5**

Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´, additional information is disclosed in the Group's accounting policies.

The notes are an integral part of these Consolidated Financial Statements..

Notes to the Consolidated Financial Statements

1. THE GROUP'S ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

GROUP PROFILE

Kemira is an international chemicals group that consists of four segments: Paper, Municipal & Industrial, Oil & Mining and ChemSolutions. The Group's main clients are industries that use a lot of water. Kemira offers solutions for water quality and volume management that help improve customers' energy, water and raw material efficiency. Kemira's vision is to be a leading water chemicals company.

The Group's parent company is Kemira Oyj. The parent company is domiciled in Helsinki, Finland, and its registered address is Porkkalankatu 3, FI-00180 Helsinki, Finland. The parent company is listed on NASDAQ OMX Helsinki. A copy of the Consolidated Financial Statements is available at www.kemira.com.

The Board of Directors of Kemira Oyj has approved the Financial Statements for publication at its meeting on February 7, 2014. Under the Finnish Limited Liability Companies Act, the shareholders may accept or reject the Financial Statements at the General Meeting of Shareholders held after their publication. The meeting also has the power to make a decision to amend the Financial Statements.

BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared its Consolidated Financial Statements in accordance with IAS and IFRS (International Financial Reporting Standards) and the related SIC and IFRIC interpretations, issued by the IASB (International Accounting Standards Board). In the Finnish Accounting Act and the statutes under it, the International Financial Reporting Standards refer to the endorsed standards and their interpretations under the European Union Regulation No. 1606/2002, regarding the adoption of the International Financial Reporting Standards applicable within the Community. The Notes to the Consolidated Financial Statements also comply with the requirements of the Finnish accounting and corporate legislation, which supplement the IFRS regulations.

The Consolidated Financial Statements are presented in million euro and it has been prepared based on historical cost excluding the items measured at fair value that are available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and share-based payments on their grant date.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas which need a higher degree of judgement are significant to the Consolidated Financial Statements are presented below.

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

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CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following new and amended standards and interpretations:

New and amended IFRSs adopted in 2013

- In the beginning of 2013, Kemira Group has applied revised Employee Benefits. The amendments to IAS 19 change the accounting for defined benefit plans. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the ´corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated balance sheet to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 revised, which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 revised introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures in Kemira's Financial Statements. The most significant changes are presented in the tables below.

The effect on the balance sheet was as follows:	Liabilities for defined benefits plans	Deferred tax assets	Assets for defined benefits plans	Deferred tax liabilities	Equity
Balance as reported at 1 January 2012	52.0	2.0	44.3	10.3	1,370.8
Effect of application of IAS 19 revised	13.6	0.2	–2.7	0.4	–16.5
Restated balance at 1 January 2012	**65.6**	**2.2**	**41.6**	**10.7**	**1,354.3**
Balance as reported at 31 December 2012	54.9	2.7	43.6	10.7	1,314.8
Effect of application of IAS 19 revised	13.6	0.2	–2.7	0.4	–16.5
Effect on total comprehensive income for the period	18.6	0.2	–24.4	–5.1	–37.7
Restated balance at 31 December 2012	**87.1**	**3.1**	**16.5**	**6.0**	**1,260.6**

The effect on defined benefit expenses on the consolidated income statement was as follows:	2012 1–12
Reported defined benefit expense (+) / income (–)	9.5
Effect of application of IAS 19 revised	–1.4
Restated defined benefit expense (+) / income (–)	**8.1**
The effect on total comprehensive income was as follows:	
Reported total comprehensive income for the period	28.2
Effect of application of IAS 19 revised	–37.7
Restated total comprehensive income for the period	**–9.5**
The effect on earnings per share, EUR was as follows:	
Reported earnings per share	0.11
Effect of application of IAS 19 revised	0.01
Restated earnings per share	**0.12**

- Amendment to IAS 1 Presentation of Financial Statements (effective for reporting periods beginning on or after 1 July 2012). The main change is the requirement for grouping items in 'other comprehensive income' based on whether they are potentially reclassifiable to profit or loss as certain conditions are fulfilled. The amendments only have an impact on the presentation of the Kemira's Financial Statements.
- IFRS 13 Fair Value Measurement (effective for reporting periods beginning on or after 1 January 2013). The standard aims to increase uniformity by providing specific definition for fair value. It also provides both requirements for determining fair value and the required disclosures under the same standard. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards.
- Amendment to IFRS 7 Financial Instruments: Disclosures (effective for reporting periods beginning on or after 1 January 2013). The amendments require information about financial instruments that are set off and also disclosure of information about enforceable master netting arrangements and similar agreements. The new requirements have had impact on disclosures related to financial instruments.
- Annual Improvements to IFRS 2009–2011, May 2012 (effective for reporting periods beginning on or after 1 January 2013). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The improvements concern five standards. The nature of the improvements depends on the standards, but they do not have material impact on the Consolidated Financial Statements.

APPLICATION OF NEW AND REVISED IFRSS

IASB has published the following new or revised standards and interpretations which the Group has not yet adopted. The Group will adopt each standard and interpretation as from the effective date, or if the effective date is other than the first day of the reporting period, from the beginning of the next reporting period after the effective date. The effects of these new and amended standards are under investigation.

- FRS 9 *Financial Instruments* (effective date open). IFRS 9 is a several phase project which aims to replace IAS 39 with a new standard. According to the finalised classification and measurement part of IFRS 9, financial assets are classified and measured based on entity's business model and the contractual cash flow characteristics of the financial asset. Classification and measurement of financial liabilities is mainly based on the current IAS 39 principles. The finalised general hedge accounting model of IFRS 9 allows reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. Impairment of financial assets is the most significant still uncompleted part of IFRS 9. The standard has not yet been endorsed by EU.
- IFRS 10 *Consolidated Financial Statements* (effective for reporting periods beginning on or after 1 January 2013). The standard establishes control as the base for consolidation. Additionally, the standard provides further guidance on how to apply principles of control when it is challenging to assess. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.
- IFRS 11 *Joint Arrangements* (effective for reporting periods beginning on or after 1 January 2013). The standard emphases the rights and obligations of the joint arrangement rather than its legal form in the accounting. The arrangements are divided into two: joint operations and joint ventures. The standard requires joint ventures to be accounted for using equity method of accounting. Proportional consolidation of joint ventures is no longer allowed. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.
- IFRS 12 *Disclosure of Interests in Other Entities* (effective for reporting periods beginning on or after 1 January 2013). The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other, off balance sheet vehicles. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.
- IAS 27 (revised 2011) *Separate Financial Statements* (effective for reporting periods beginning on or after 1 January 2013). The revised standard includes the requirements for separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.
- IAS 28 (revised 2011) *Investments in Associates and Joint Ventures* (effective for reporting periods beginning on or after 1 January 2013). The revised standard includes requirements for both joint

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operations and associates to be accounted by using equity method of accounting after IFRS 11 was issued. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.

- Amendment to IAS 32 *Financial instruments: Presentation* (effective for reporting periods beginning on or after 1 January 2014). The amendment clarifies the conditions for net presentation of financial assets and liabilities and introduces some additional application guidance.
- Amendment to IAS 36 *Impairment of assets: Recoverable Amount Disclosures for Non-Financial Assets* (effective for reporting periods beginning on or after 1 January 2014). The overall effect of the amendments is to clarify the disclosure requirements on those cash generating units which have been subject to impairment.
- Amendments to IAS 39: *Novation of Derivatives and Continuation of Hedge Accounting* (effective for reporting periods beginning on or after 1 January 2014). The amendments allow the continuation of hedge accounting under IAS 39 when a derivative is novated to a clearing counterparty and certain conditions are met.
- Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 11 J*oint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* (effective for reporting periods beginning on or after 1 January 2013). The amendment provides additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* (effective for reporting periods beginning on or after 1 January 2014). The amendment provides 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39.
- *Annual Improvements to IFRS 2010–2012* and *Annual Improvements to IFRS 2011–2013*, both issued December 2013 (effective for reporting periods beginning on or after 1 July 2014). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements. The standard has not yet been endorsed by EU.
- IFRIC 21 *Levies* (effective for reporting periods beginning on or after January 1, 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government. The interpretation has not yet been endorsed by EU.

CONSOLIDATION

Subsidiaries

The Consolidated Financial Statements include the parent company and its subsidiaries. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Group also assesses the existence of control in cases it possesses less than 50% of the voting rights but is able to govern the financial and operating policies by virtue of de-facto control. The Group's subsidiaries are presented in the Note 34.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intra-group transactions are eliminated. Intra-group shareholdings are eliminated by using the acquisition method. The consideration transferred for the acquisition of a subsidiary is defined as an aggregate of the fair values of the assets transferred, the liabilities assumed and the equity interests issued by the Group. The consideration transferred may include the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The amount that exceeds that aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Net profit or loss for the financial year and other comprehensive income attributable to the equity holders of the parent and non-controlling interests are presented in the income statement and in the statement of comprehensive income. The portion of equity attributable to non-controlling interests is stated as an individual item separately from equity to the equity holders of the parent. Total comprehensive income shows separately the total amounts attributable to the equity holders of the parent and to non-controlling interests. The Group recognizes negative non-controlling interests, unless non-controlling interests have a binding obligation to cover losses up to the amount of their investment.

If the parent company's ownership interest in a subsidiary is reduced but the control retains, the transactions are treated as equity transactions. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, and the difference is recognized in profit or loss.

The Group has applied previous provisions valid at the time to the business combinations having occurred prior to January 1, 2010.

Associates

Associated companies are companies over which the Group exercises significant influence (voting rights generally being 20–50 percent). Holdings in associated companies are consolidated using the equity method. The Group's share of the associated companies' net profit for the financial year is stated as a separate item in the consolidated income statement after operating profit, in proportion to the Group's holdings. The Group's share of its associates' movements in other comprehensive income is recognized in Group's other comprehensive income. If the Group's share of an associate's losses exceeds the carrying amount of the investment, the exceeding losses will not be consolidated unless the Group has a commitment to fulfill obligations on behalf of the associate. The Group's associates are presented in the Note 8.

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the group's entities are measured by using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in euro, which is the Group's presentation currency and the parent company's functional currency.

In the Consolidated Financial Statements, the income statements of foreign subsidiaries are translated into euro using the financial year's average foreign currency exchange rates, and the balance sheets are translated using the exchange rates quoted on the balance sheet date. Retranslating the net profit for the period and the other comprehensive income using different exchange rates in the income statement and in the balance sheet causes a translation difference recognized in equity in the balance sheet; the change in this translation difference is presented under other comprehensive income. Goodwill and fair value adjustments to the carrying amounts of the assets and liabilities that arise from the acquisition of a foreign entity are accounted for as part of the assets and liabilities of the foreign entity, and translated into euro at the rate quoted on the balance sheet date.

The "Hedge accounting" section describes hedging of net investments in the Group's foreign units. When hedge accounting is applied, the exchange rate gains and losses of such loans and derivatives are credited or charged to equity, against the translation differences arising from the translation of the equity amounts as stated in the approved balance sheets of the subsidiaries. These translation differences from hedge accounting are presented under other comprehensive income. Other translation differences affecting equity are stated as an increase or decrease in other comprehensive income. When the Group ceases to have control in a subsidiary, the accumulated translation difference is transferred into the income statement as part of gain or loss on sale.

In their day-to-day accounting, Group companies translate foreign currency transactions into their functional currency at the exchange rates quoted on the transaction date. In the Financial Statements, foreign currency denominated receivables and liabilities are measured at the exchange rates quoted on the balance sheet date, and non-monetary items using the rates quoted on the transaction date. Any foreign exchange gains and losses related to business operations are treated as adjustments to sales and purchases. Exchange rate differences associated with financing transactions and the hedging of the Group's overall foreign currency position are stated in foreign exchange gains or losses under financial income and expenses.

REVENUE RECOGNITION PRINCIPLES

Revenue is measured at the fair value of the consideration received or receivable, and represents the total invoicing value of products sold and services rendered less; sales tax, discounts and foreign exchange differences in trade receivables as adjusting items.

The revenue from sale of goods is recognized in the income statement when the major risks and rewards related to the ownership of the goods have been transferred to the buyer.

PENSION OBLIGATIONS

The Group has both defined contribution and defined benefit pension plans in accordance with the local conditions and practices in the countries in which it operates. Pension plans are generally funded through contributions to insurance companies or a separate pension fund.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold

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sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income statements.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

SHARE-BASED PAYMENTS

The Group has equity-settled share-based compensation plans for key personnel and management board members, under which the Group receives services from employees as consideration for equity instrument of the Group. The potential rewards are provided partly in shares and partly in cash. The potential reward provided in shares is recognized as a personnel expense in the income statement and in the equity. Correspondingly, the rewards provided in cash are recognized as a personnel expense in the income statement and in liabilities. The total expense is recognized over the vesting period, which is the period over which the specified vesting conditions are to be satisfied.

Share-based compensation expense is determined at the grant date based on the Group's estimate of the number of shares that are expected to vest at the end of vesting period. Based on the vesting conditions, the Group revises its estimates of the number of shares expected to vest based on the balance sheet date. It recognizes the potential impact of the revision to original estimates in the income statement as a personnel expense, with the corresponding adjustment made to equity and liabilities at fair value.

Notes 5 and 32 provide information on share-based payment arrangements for key personnel and management board members.

INCOME TAXES

The Group's tax expense for the period comprises current tax, adjustments prior tax periods and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset in such cases, when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Development costs are capitalized as intangible assets when it can be shown that a development project will generate probable future economic benefit, and the costs attributable to the development project can reliably be measured. Capitalized development costs are presented as a separate item and amortized over their useful lives of a maximum of eight years. Capitalized development costs include material, labor and testing costs, and any capitalized borrowing costs that are directly attributable to bringing the asset ready for its intended use. Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in the subsequent periods.

Other intangible assets include for instance software and software licenses as well as brands and customer list bases acquired in business combinations.

Goodwill arises from business combinations. Goodwill represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually and whenever there is any indication that an asset may be impaired. For this purpose, goodwill is allocated to cash-generating units.

Property, plant and equipment (PP&E) and intangible assets (with definite useful lives) are measured at cost less accumulated depreciation and amortization and any impairment losses. The Group has no intangible assets that have an indefinite useful life other than goodwill.

Depreciation/amortization is calculated on a straight-line basis over the asset's useful life. The most commonly applied depreciation/amortization periods according to the Group's accounting policies are:

- Machinery and equipment 3–15 years
- Buildings and constructions 25 years
- Intangible assets 5–10 years

The residual values and useful lives of assets are reviewed at least at the end of each financial year. Gains and losses on the sale of non-current assets are included in other operating income and expenses, respectively. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset in question when it is probable that they will generate future economic benefit and the costs can be reliably measured. The costs of major inspections or the overhaul of asset performed at regular intervals and identified as separate components are capitalized and depreciated over their useful lives.

Depreciation of an asset begins when it is available for use and it ceases at the moment that the asset is derecognized.

GOVERNMENT GRANTS

Government grants for investments are recognized as a deduction from the carrying amount of these assets. The grants are recognized in the income statement as smaller depreciations over the asset's useful life. Government grants for research activities are deducted from expenses.

LEASES

Leases involving tangible assets, in which the Group acts as a lessee, are classified as finance leases if substantially all of the risks and rewards of ownership transfer to the Group.

Upon the commencement of the lease term, the finance lease assets are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. These assets and related rental obligations are presented as part of the Group's non-current assets and interest-bearing liabilities. In respect of the finance lease contracts, depreciation on the leased assets and interest expenses from the related liability are shown in the income statement. Rents paid based on operating leases are expensed on a straight-line basis over the lease terms.

When the Group is a lessor, it recognizes assets held under a finance lease as receivables in the balance sheet. Assets held under operating leases are included in PP&E.

Also the arrangements that are not leases in their legal form but convey the rights to use assets in return for a payment or series of payments are treated as leases.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Costs are determined on a first-in first-out (FIFO) basis or by using a weighted average cost formula, depending on the nature of the inventory. The cost of finished goods and work in progress include the proportion of production overheads of the normal capacity. The net realizable value is the sales price received in the ordinary course of business less the estimated costs for completing the asset and the sales costs.

FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVE CONTRACTS

When a financial asset or a financial liability is initially recognized on the trade date, it is measured at cost, which equals the fair value of the consideration given or received. The Group's financial assets are classified for subsequent

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

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measurement as financial assets at fair value through profit or loss, loans and receivables issued by the Group, and available-for-sale financial assets.

CATEGORY	FINANCIAL INSTRUMENT	MEASUREMENT
Financial assets at fair value through profit or loss	Currency forward contracts, currency options, currency swaps, interest rate forwards, interest rate futures, interest rate options, interest rate swaps, electricity forwards, natural gas derivatives, certificates of deposit, commercial papers, units in mutual funds, embedded derivatives	Fair value
Loans and receivables	Non-current loan receivables, bank deposits, trade receivables and other receivables	(Amortized) cost
Available-for-sale financial assets	Shares, bond investments	Fair value

Financial assets at fair value through income statements
Financial assets at fair value through profit or loss are measured at fair value. Fair value is the amount for which an asset could be exchanged or loans paid between knowledgeable, willing parties in an arm's length transaction. These derivative contracts to which hedge accounting in accordance with IAS 39 is not applied are classified as financial assets held for trading. These are classified as financial assets at fair value through profit or loss. In the balance sheet, these items are shown under prepaid expenses and accrued income and accrued expenses and prepaid income. Any gains or losses arising from changes in fair value are recognized through profit or loss on the transaction date in financial items.

Loans and receivables
Loans and receivables include non-current receivables carried at amortized cost using the effective interest rate method and accounting for any impairment.

Available-for-sale financial assets
Available-for-sale financial assets are measured at fair value if it is considered that fair value can be determined reliably. Unrealized changes in fair value of financial assets available for sale are recognized in other comprehensive income and presented under equity in the fair value reserve taking the tax effect into account. Accumulated changes in fair value are transferred to the income statement as a reclassification adjustment when the investment is divested or it has been impaired to the extent that an impairment loss has to be recognized. Available-for-sale financial assets include non-listed companies, the shareholdings in Pohjolan Voima Oy (PVO) and Teollisuuden Voima Oyj (TVO) representing the largest investments.

PVO and its subsidiary TVO comprise a private electricity-generating group owned by Finnish manufacturing and power companies, to which it supplies electricity at cost. PVO Group owns and operates, among others, two nuclear power plant units in Olkiluoto in the municipality of Eurajoki. The Group has A and C series shares in TVO and A, B, C, G, H and M series shares in PVO. Different share series entitle the shareholder to electricity generated by different power plants. The owners of each share series are responsible for the fixed costs of the series in question in proportion to the number of the shares, regardless of whether they use their power or energy share or not, and for variable costs in proportion to the amount of energy used.

Kemira Oyj's holding in PVO Group that entitles to the electricity from completed power plants is measured at fair value based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price. The forward electricity price quotations in Finland area published by the Nordic Electricity Exchange have been used as the market price for electricity. The cost prices are specified to each share series. Future cash flows have been discounted based on the estimated useful lives of the plants related to each share series, and water power includes terminal value. The discount rate has been calculated using the annually determined average weighted cost of capital.

Furthermore, PVO's B2-series shares entitling to electricity from a nuclear power plant under construction at Olkiluoto 3 are based on earlier transactions.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand, demand deposits and other short-term, highly liquid investments. Items classified as cash and cash equivalents have a maximum maturity of three months from the date of purchase. Credit facilities in use are included in current interest-bearing liabilities.

Impairment of financial assets
The Group assesses any impairment losses on its financial instruments on each balance sheet date. An impairment of a financial asset is recognized when an event with a negative effect on the future cash flows from the investment has occurred. For items measured at amortized cost, the amount of the impairment loss equals the difference between the asset's carrying amount and the present value of estimated future cash flows from the receivable. This is discounted at the financial asset's original effective interest rate. For items measured at fair

value, the fair value determines the amount of impairment. Impairment charges are recognized under financial items in the income statement.

The Group sells certain trade receivables to finance companies within the framework of limits stipulated in the agreement. The credit risk associated with these sold receivables and contractual rights to the financial assets in question are transferred from the Group on the selling date. The related expenses are recognized in the financial expenses.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities. Financial liabilities at fair value through profit and loss include derivatives to which the hedge accounting is not applied.

CATEGORY	FINANCIAL INSTRUMENT	MEASUREMENT
Financial liabilities at fair value through profit or loss	Currency forward contracts, currency options, currency swaps, interest rate forwards, interest rate futures, interest rate options, interest rate swaps, electricity forwards, natural gas derivatives, embedded derivatives	Fair value
Other financial liabilities	Current and non-current loans, pension loans, trade payables	(Amortized) cost

Derivatives

The fair values of currency, interest rate and commodity derivatives and units in mutual funds as well as publicly traded shares are based on prices quoted in active markets on the balance sheet date. The value of other financial instruments measured at fair value is determined on the basis of valuation models using information available in the financial market.

Changes in the value of forward contracts are calculated by measuring the contracts against the forward exchange rates on the balance sheet date and comparing them with the counter values calculated through the forward exchange rates on the date of entry into the forward contracts. The fair value of interest rate derivatives is determined using the market value of similar instruments on the balance sheet date. Other derivatives are measured at the market price on the balance sheet date.

All of the derivatives open on the balance sheet date are measured at their fair values. As a rule, fair value changes from open derivative contracts are recognized through profit or loss under financial items in the Consolidated Financial Statements. The number of embedded derivatives used by the Group is low.

Other financial liabilities are initially recognized in the balance sheet at the initial value of received net assets deducted with direct costs. Later, these financial liabilities are measured at amortized cost, and the difference between the received net assets and amortizations is recognized as interest costs over the loan term.

HEDGE ACCOUNTING

According to IAS 39, hedge accounting refers to a method of accounting aimed at allocating one or more hedging instruments in such a way that their fair value offsets, in full or in part, the changes in the fair value or cash flows of the hedged item. Hedge accounting is applied to hedging the interest rate risk and commodity risk. The hedge accounting model in use includes cash flow hedging.

Hedge effectiveness is monitored as required by IAS 39. Effectiveness refers to the capacity of a hedging instrument to offset changes in the fair value of the hedged item or cash flows from a hedged transaction, which are due to the realization of the risk being hedged. A hedging relationship is considered to be highly effective when the change in the fair value of the hedging instrument offsets changes in the cash flows attributable to the hedged items in the range of 80-125 percent. Hedge effectiveness is assessed both prospectively and retrospectively. Testing for hedge effectiveness is repeated on each balance sheet date.

Hedge accounting is discontinued when the criteria for hedge accounting are no longer fulfilled. Gains or losses recognized in other comprehensive income and presented under equity are derecognized and transferred immediately in the income statement, if the hedged item is sold or falls due. However, gains or losses arising from changes in the fair value of those derivatives not fulfilling the hedge accounting criteria under IAS 39 are recognized directly in the income statement.

At the inception of a hedge, the Group has documented the existence of the hedging relationship, including the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, the objectives of risk management and the strategy for undertaking hedging, as well as the description of how hedge effectiveness is assessed.

Cash flow hedging

Cash flow hedging is used to hedge against variability in cash flows attributable to a particular risk associated with a recognized asset or liability in the balance sheet or a highly probable forecast transaction. Interest rate and commodity derivatives are used as investment instruments in cash flow hedging. Interest rate and commodity derivatives are used as hedging instruments in cash flow hedges. Cash flow hedge accounting, specified in IAS 39 is applied by the Group to only selected hedging

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items. Changes in the fair value of derivative instruments associated with cash flow hedge are recognized in other comprehensive income (including the tax effect) and presented under equity, providing that they fulfill the criteria set for hedge accounting and are based on effective hedging. The ineffective portion of the gain or loss on the hedging instrument is recognized under financial items in the income statement. Derivatives not fulfilling the hedge accounting criteria are recognized in financial items through profit or loss.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions for restructuring costs, personnel related costs, environmental obligations, legal claims and onerous contracts are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made. A restructuring provision is recognized when there is a detailed and appropriate plan prepared for it and the implementation of the plan has begun or has been notified to those whom the restructuring concerns.

The amount recognized as a provision is the present value of the expenditure expected to be required to settle the obligation on the balance sheet date using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events not wholly within the control of the Group or a present obligation that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured within sufficient reliability. Contingent liability is disclosed in the notes.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale transaction and a sale is considered highly probable. Since the time of classification, the assets are valued at the lower of carrying amount and fair value less costs to sell. Depreciation on these assets discontinues at the time of classification. Non-current assets classified as held for sale is disclosed separately in the balance sheet.

A discontinued operation is a component of the Group that has either been disposed of, or is classified as held for sale, and it meets one of the following criteria:

- it represents a separate major line of business or geographical area of operations,
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- it is a subsidiary that has been acquired exclusively with a prospect of reselling.

The profit or loss of the discontinued operation is stated as a separate item in the consolidated income statement and statement of comprehensive income. Assets held for sale and related to other comprehensive income items are recognized in the balance sheet separately from other items.

IMPAIRMENT OF NON-FINANCIAL ASSETS

On each balance sheet date, the Group's assets are assessed to determine whether there is any indication of an asset's impairment. If any indication of impairment exists, the recoverable amount of the asset or the cash-generating unit is calculated on the basis of the value in use or the net selling price. Annual impairment tests cover goodwill and intangible assets not yet ready for use.

The cash-generating unit has been defined as the reportable segment. Goodwill impairment is tested by comparing the reportable segment's recoverable amount with its carrying amount. The Group does not have intangible assets with indefinite useful lives other than goodwill. All goodwill has been allocated to the reportable segments.

The recoverable amount of a reportable segment is defined as its value in use, which consists of the discounted future cash flows to the unit. Estimates of future cash flows are based on continuing use of an asset and on the latest five-year forecasts by the business unit's management. The annual growth rate used to extrapolate cash flows subsequent to the forecast period is assumed to be zero. Cash flow estimates do not include the effects of improved asset performance, investments or future reorganizations.

An impairment loss is recognized, whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. An impairment loss is recognized in the income statement. Note 11 provides more detailed information on impairment testing.

If there has been a positive change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognized, an impairment loss recognized previously is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized. An impairment loss for goodwill is never reversed.

EMISSIONS ALLOWANCES

The Group holds assigned emissions allowances, under the EU emissions trading system, at its Helsingborg

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site in Sweden and Oulu site in Finland. Carbon dioxide allowances are accounted for as intangible assets measured at cost. Carbon dioxide allowances received free of charge are measured at their nominal value (zero). A provision for the fulfillment of the obligation to return allowances is recognized if the free-of-charge allowances are not sufficient to cover actual emissions. The Group's consolidated balance sheet shows no items related to emissions allowances when the volume of actual emissions is lower than that of the free-of-charge emissions allowances and the Group has not bought allowances in the market. Note 31, Environmental risks and liabilities, provides information on emissions allowances.

TREASURY SHARES

Purchases of own shares (treasury shares), including the related costs, are deducted directly from equity in the Consolidated Financial Statements.

DIVIDEND DISTRIBUTION

Any dividend proposed by the Board of Directors is not deducted from distributable equity until approved by the shareholders at the Annual General Meeting.

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the parent company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by Kemira Oyj and held as treasury shares. Diluted earnings per share is calculated by the adjusting the weighted average number of ordinary shares plus diluted effect of shares from the share-based payments.

NON-RECURRING ITEMS

Items that are material either because of their size or their nature are considered as one-time items. Most commonly non-recurring items are sales of assets, write-downs and restructuring of the operations. Non-recurring items are described in the board of directors´ review.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continuously evaluated and they are based on previous experience and other factors, such as expectations of future events that are expected to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill

The impairment tests of goodwill and other assets include determining future cash flows which, with regard to the most significant assumptions, are based on gross margin levels, discount rates and the projected period. Major adverse developments in cash flows and interest rates may necessitate the recognition of an impairment loss. For more information on goodwill impairment testing, as well as the assumptions used in the sensitivity analysis are presented in Note 11.

Estimated fair value of investment in PVO Group

The Group's investments include non-listed shares, holdings in PVO Group representing the largest of these. The Group's shareholding in the company is measured at fair value, based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price. Developments in the actual fair value may differ from the estimated value, due to factors such as electricity prices, the forecast period or the discount rate. For more information PVO Group's fair value determination are presented in Note 14.

Defined benefit pensions

Determining pension liabilities under defined benefit pension plans includes assumptions, and significant changes in these assumptions may affect the amounts of pension liabilities and expenses. Actuarial calculations include assumptions by the management, such as the discount rate and assumptions of salary increases and the termination of employment contracts. See Note 23 for details of the calculation of the defined benefit pension assumptions.

Provisions

Recognizing provisions requires the management's estimates, since the precise euro amount of obligations related to provisions is not known when preparing the Financial Statements.

Deferred taxes

For the recognition of deferred tax assets on tax losses and other items, the management assesses the amount of a probable future taxable profit against which unused tax losses and unused tax credits can be utilized. Actual profits may differ from the forecasts and in such a case the change will affect the taxes in future periods.

2. SEGMENT INFORMATION

AN OVERVIEW OF THE GROUP STRUCTURE

In 2012, the Group organized its business into three customer-based segments with P/L responsibilities being Paper, Municipal & Industrial, Oil & Mining. In January 1, 2013, Kemira started its financial reporting according to the new organizational structure. Kemira's reporting segments are Paper, Municipal & Industrial, Oil & Mining, and ChemSolutions.

Main changes were:

- Service revenues in Sweden and Finland, previously reported as part of the unit "Other", are now reported within the Paper segment.
- Kemira Group expenses previously reported as part of "Other" are now allocated to the four segments.
- Kemira is now applying a key ownership principle for every production plant according to which each plant is owned by a dedicated segment.

The comparative figures have been restated to be in accordance with the new reportable segments´ structure. The first financial report according to the new reporting segment structure was the first quarter´s Interim Report 2013.

DESCRIPTION OF REPORTABLE SEGMENTS

Segment information is presented in a manner consistent with the Group's internal organizational and reporting structure. Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include property, plant and equipment, intangible assets, investments in associates, inventories and non-interest bearing receivables. Segment liabilities include current non-interest bearing liabilities.

Paper

The Paper segment provides customers in the pulp and paper industry with products and product packages that improve their profitability, raw material and energy efficiency, and promote sustainable development.

Municipal & Industrial

The Municipal & Industrial segment offers water treatment chemicals for municipal and industrial water treatment. The strengths are high-level process know-how, comprehensive range of water treatment chemicals and reliable customer deliveries.

Oil & Mining

The Oil & Mining segment offers a large selection of innovative chemical extraction and process solutions for the oil and mining industries in which water plays a central role. Utilizing its expertise, the segment enables its customers to improve their efficiency and productivity.

ChemSolutions

The ChemSolutions segment consists of organic salts and acids business. The ChemSolutions focuses on serving customers in the food and feed markets as well as in the pharmaceutical and chemical industries.

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

2013	Paper	Municipal & Industrial	Oil & Mining	ChemSolutions	Group
Revenue	1,067.6	659.4	311.5	190.6	**2,229.1**
Operating profit	45.7	–23.4	6.5	13.8	**42.6**
Finance expense, net					**–39.0**
Share of profit or loss of associates					**–1.1**
Profit before tax					**2.5**
Income tax					**–28.4**
Net profit for the period					**–25.9**
Depreciation and amortization	–45.2	–22.9	–15.3	–6.2	**–89.6**
Impairments	–6.9	0.0	–2.8		**–9.7**
Other non-cash items	–16.9	–4.3	–1.6	–0.5	**–23.3**
Capital expenditure	–75.2	–46.9	–69.9	–5.5	**–197.5**
OTHER SEGMENT INFORMATION					
Capital employed by segments (net)	739.9	255.3	223.1	23.4	**1,241.7**
Assets by segments	872.7	359.7	265.2	31.6	**1,529.2**
Investments in associates	0.6	0.2			**0.8**
Available-for-sale financial assets					**233.6**
Deferred income tax assets					**36.0**
Other investments					**9.2**
Defined benefit pension receivables					**29.8**
Other assets					**165.0**
Cash and cash equivalents					**102.0**
Non-current assets classified as held-for-sale					**105.4**
Total assets					**2,211.0**
Liabilities by segments	133.4	104.6	42.1	8.2	**288.3**
Interest-bearing non-current financial liabilities					**279.9**
Interest-bearing current financial liabilities					**278.4**
Other liabilities					**219.1**
Liabilities directly associated with the assets classified as held-for-sale					**19.8**
Total liabilities					**1,085.5**

2012	Paper	Municipal & Industrial	Oil & Mining	ChemSolutions	Group
Revenue	1,005.6	686.6	321.1	227.6	2,240.9
Operating profit	44.7	–16.5	14.2	–9.3	33.1
Finance expense, net					–15.7
Share of profit or loss of associates					11.2
Profit before tax					28.6
Income tax					–6.2
Net profit for the period					22.4
Depreciation and amortization	–45.9	–38.1	–16.5	–12.5	–113.0
Impairments	–2.8	–12.4	–0.5	–18.1	–33.8
Other non-cash items	–17.4	–24.1	–6.2	–4.5	–52.2
Capital expenditure	–72.2	–31.7	–20.2	–10.0	–134.1

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2012	Paper	Municipal & Industrial	Oil & Mining	ChemSolutions	Group
OTHER SEGMENT INFORMATION					
Capital employed by segments (net)	771.6	325.2	162.6	95.5	1,354.9
Assets by segments	898.0	411.1	217.1	125.2	1,651.4
Investments in associates	0.5	0.7			122.8
Available-for-sale financial assets					264.0
Deferred income tax assets					30.1
Other investments					9.8
Defined benefit pension receivables					16.5
Other assets					141.7
Cash and cash equivalents					132.7
Non-current assets classified as held-for-sale					93.3
Total assets					2,462.3
Liabilities by segments	126.9	86.6	54.5	29.7	297.7
Interest-bearing non-current financial liabilities					387.5
Interest-bearing current financial liabilities					277.2
Other liabilities					228.3
Liabilities directly associated with the assets classified as held-for-sale					11.0
Total liabilities					1,201.7

INFORMATION ABOUT GEOGRAPHICAL AREAS

Analysis of revenue by geographical area based on customer location

	2013	2012
Finland, domicile of the parent company	**329.2**	312.7
Other Europe, Middle East and Africa	**941.9**	919.9
North America	**675.5**	689.4
South America	**152.5**	172.7
Asia Pacific	**130.0**	146.2
Total	**2,229.1**	2,240.9

Analysis of non-current assets by geographical area

	2013	2012
Finland, domicile of the parent company	**582.7**	783.5
Other Europe, Middle East and Africa	**435.2**	369.8
North America	**254.0**	265.3
South America	**83.4**	151.1
Asia Pacific	**76.3**	62.5
Total	**1,431.6**	1,632.2

Information about major customers

The Group's derives revenue is from many significant customers. However, 10% or more of the Group revenue is not derived from a single external customer in 2013 or 2012.

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3. OTHER OPERATING INCOME

	2013	2012
Gains on sale of non-current assets	3.6	0.1
Rental income	3.3	2.3
Insurance compensation received	0.1	2.5
Consulting	0.5	0.5
Services	0.0	2.6
Sale of scrap and waste	0.3	0.3
Income from royalties, know-how and licenses	0.6	0.6
Other income from operations	6.8	4.9
Total	15.2	13.8

The gain on sale of non-current assets EUR 3.6 million (EUR 0.1 million) includes gain on sale of property and production facilities.

4. OPERATING EXPENSES

	2013	2012
Change in inventories of finished goods (inventory increase + / decrease –)	–1.5	–36.5
Own work capitalized [1]	–2.1	–2.0
Total	–3.6	–38.5
Materials and services		
Materials and supplies		
Purchases during the financial year	1,214.8	1,293.1
Change in inventories of materials and supplies (inventory increase + / decrease –)	–10.6	–9.7
External services	21.5	11.5
Total	1,225.7	1,294.9
Employee benefit expenses	333.5	343.6
Other operating expenses		
Rents	37.8	47.4
Loss on sales of property, plant and equipment	46.0	0.1
Other expenses	463.0	427.3
Total	546.8	474.8
Total operating expenses	2,102.4	2,074.8

[1] Own work capitalized comprises mainly wages, salaries and other personnel expenses and changes in inventories relating to self-constructed property, plant and equipment for own use.

Other operating expenses include research and development expenses of EUR 32.1 million (EUR 36.7 million). Government grants received for R&D in 2013 were EUR 3.5 million (EUR 4.3 million). The extent of grants received reduces research and development expenses.

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

	Note	2013	2012
EMPLOYEE BENEFIT EXPENSES			
Wages and salaries			
Wages		**255.3**	267.6
Emoluments of Kemira Oyj's CEO and the Board of Directors	32	**1.3**	1.5
Share-based payments	5	**0.6**	2.4
Total		**257.2**	271.5
Indirect employee benefit expenses			
Pension expenses for defined benefit plans	23	**14.5**	8.1
Pension expenses for defined contribution plans		**21.9**	28.5
Other employee benefit costs		**39.9**	35.5
Total		**76.3**	72.1
Total employee benefit expenses		**333.5**	343.6

NUMBER OF PERSONNEL		
Average number of personnel by geographical area		
Europe, Middle East and Africa	**2,625**	2,935
North America	**1,272**	1,359
South America	**396**	417
Asia Pacific	**339**	332
Total	**4,632**	5,043
Personnel in Finland, average	**1,027**	1,173
Personnel outside Finland, average	**3,605**	3,870
Total	**4,632**	5,043
Number of personnel at 31 Dec	**4,453**	4,857

DELOITTE & TOUCHE OY'S FEES AND SERVICES		
Audit fees	**1.3**	1.1
Tax services	**0.0**	0.0
Other services [2)]	**1.1**	0.1
Total	**2.4**	1.2

[2)] Other services include fees related mainly to the 3F acquisition.

5. SHARE-BASED PAYMENTS

SHARE-BASED INCENTIVE PLAN FOR KEY PERSONNEL

The Kemira Board of Directors decided to establish a new share-based incentive plan that follows the already terminated 2007–2012 plan aimed at the key personnel for the years 2013–2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to achieving the performance targets set by the Board of Directors. Payment is tied to achieving the return on capital employed percentage (ROCE-%).

The value of the aggregate reward paid out in the plan may not exceed 100% of the other participants' gross salary for the same period. If the performance targets are achieved entirely, the maximum gross earning during the three-year plan is expected to be approximately 600,000 Kemira shares. The applicable taxes will be deducted from the gross earning and the remaining net value is delivered to the participants in Kemira shares. The shares earned through the plan must be held for a minimum of two years following each payment.

The shares transferable under the plan comprise treasury shares or Kemira Oyj shares available for public trading.

Share-based incentive plan 2010

Performance period	2010
Lock-up period of shares	2 years
Release date of shares	2013
Fair value of the reward paid as shares, EUR million	1,9
Fair value of the reward paid in cash, EUR million	2,6
Realization on closing date, shares (1,000)	221
Number of persons	64

For the share-based incentive plan 2013 the vesting period has ended and the financial targets were not achieved.

SHARE-BASED INCENTIVE PLANS FOR MANAGEMENT BOARD MEMBERS

The Kemira Board of Directors decided to establish a new share-based incentive plan that follows the already terminated 2009–2011 plan aimed at the management board members for the years 2012–2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to achieving the performance targets set by the Board of Directors, which include both internal and external performance targets. The internal target setting is divided into three one-year performance periods: 2012, 2013, and 2014. Payment depends on achieving the set intrinsic value targets calculated from the development of EBITDA and the development of the net debt. The program also includes a three-year external goal, which is tied to the relative total shareholder return (TSR) performance during 2012–2014.

The value of the aggregate reward paid out in the course of the three-year plan may not exceed 120% of the CEO's and 100% of the other participants' gross salary for the same period. If the performance targets are achieved entirely, the maximum gross earning during the three-year plan is expected to be approximately 900,000 Kemira shares. The applicable taxes will be deducted from the gross earning and the remaining net value is delivered to the participants in Kemira shares.

Shares earned through the plan must be held for a minimum of two years following each payment. In addition, the Management Board members must retain fifty per cent of the shares obtained under the plan until their ownership of Kemira shares based on shares obtained through share-based incentive programs of Kemira has reached a share ownership level which in value equals at least their gross annual salary for as long as they remain participants in the plan.

The shares transferable under the plan comprise of treasury shares of Kemira Oyj shares or shares available for public trading.

In addition to the share-based incentive plan aimed at the Management Board members, Kemira has a share-based incentive plan aimed at other key personnel, in which members of the Management Board will not participate.

Share-based incentive plan 2010

Performance period	2010
Lock-up period of shares	2 years
Release date of shares	2013
Fair value of the reward paid as shares, EUR million	0,9
Fair value of the reward paid in cash, EUR million	0,9
Realization on closing date, shares (1,000)	78
Number of persons	9

For the share-based incentive plan 2013 the vesting period has ended and the financial targets were not achieved.

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Long-term share-based incentive plan 2012–2014	
Performance period	2012–2014
Lock-up period of shares	2 years
Release date of shares	2017
Fair value of the reward paid as shares, EUR million	0,5
Fair value of the reward paid in cash, EUR million	0,5
Number of persons	12

The effect of share-based incentive plans on operating profit	Key personnel	Management Board members	2013 Total	2012 Total
Share component	0.1	0.1	**0.2**	1.1
Cash component	0.3	0.1	**0.4**	1.3
Total	0.4	0.2	**0.6**	2.4

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	2013	2012
Amortization of intangible assets		
Other tangible assets	**9.4**	10.5
Development costs	**3.9**	3.8
Total	**13.3**	14.3
Depreciation of property, plant and equipment		
Buildings and constructions	**12.8**	20.1
Machinery and equipment	**61.0**	74.2
Other tangible assets	**2.6**	4.4
Total	**76.4**	98.7
Impairment of intangible assets		
Goodwill	**0.0**	19.5
Other intangible assets	**0.0**	0.0
Total	**0.0**	19.5
Impairment of property, plant and equipment		
Land	**0.0**	2.1
Buildings and constructions	**2.6**	8.0
Machinery and equipment	**6.8**	4.1
Other tangible assets	**0.2**	0.1
Total	**9.6**	14.3
Total depreciation, amortization and impairment	**99.3**	146.8

In 2013, an impairment loss of EUR 9.6 million is recognized in relation to buildings and constructions, machinery and equipment and other tangible assets. These impairment losses were mainly related to the process chemicals plant in Vaasa, Finland.

In 2012, an impairment loss of EUR 33.8 million was recognized in relation to goodwill, other intangible assets and tangible assets. These impairment losses were mainly related to the restructuring program "Fit for Growth" and goodwill impairment of EUR 18.0 million in the Kemira ChemSolutions B.V.

Impairment tests for goodwill are disclosed in Note 11.

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

7. FINANCE INCOME AND EXPENSES

	2013	2012
Finance income		
Dividend income	0.2	7.8
Interest income		
Interest income from loans and receivables	0.7	1.4
Interest income from financial assets at fair value through profit or loss	3.2	4.8
Other finance income	0.3	1.1
Total	4.4	15.1
Finance expenses		
Interest expenses		
Interest expenses from other liabilities	–11.3	–16.5
Interest expenses from financial assets at fair value through profit or loss	–6.6	–7.0
Other finance expenses [1) 2)]	–28.0	–7.3
Total	–45.9	–30.8
Exchange gains and losses		
Exchange gains and losses from financial assets and liabilities at fair value through profit or loss	11.7	–16.8
Exchange gains and losses from loans and other receivables	–2.2	–1.2
Exchange gains and losses from other liabilities	–7.0	18.0
Total	2.5	0.0
Total finance income and expenses	–39.0	–15.7
Net finance expenses as a percentage of revenue	1.7	0.7
Net interest as a percentage of revenue	0.6	0.8
Change in Consolidated Statement of Comprehensive Income from hedge accounting instruments		
Cash flow hedge accounting: Amount recognized in the Consolidated Statement of Comprehensive Income	–2.3	–1.0
Total	–2.3	–1.0
Exchange differences		
Realized	7.2	8.7
Unrealized	–4.7	–8.7
Total	2.5	0.0

[1)] Including ineffective portion of electricity hedge EUR 3.2 million (EUR –2.3 million).
[2)] Including non-recurring write-down of EUR 23 million related to the divestment of Kemira's share (39%) in the titanium dioxide associate Sachtleben.

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8. INVESTMENTS IN ASSOCIATES

	2013	2012
Carrying value at 1 Jan	**122.8**	158.8
Reclassification	**0.0**	–12.7
Paid-in-capital	**0.0**	–26.8
Dividends received	**0.0**	–7.7
Decreases	**–120.9**	0.0
Share of profit (+) / loss (–)	**–1.1**	11.2
Exchange differences	**0.0**	0.0
Carrying value at 31 Dec	**0.8**	122.8

Kemira Oyj and Rockwood Holdings Inc. signed an agreement on February 14, 2013, according to which Rockwood buys Kemira's share (39%) of Sachtleben. The transaction price of the deal was EUR 97.5 million and impacted Kemira's cash flow positively in the first quarter of 2013. Kemira recognized a write-down of EUR 23 million related to the Sachtleben transaction.

			Group holding %	
Name	Country	City	2013	2012
FC Energia Oy	Finland	Ikaalinen	**34.0**	34.0
FC Power Oy	Finland	Ikaalinen	**34.0**	34.0
Haapaveden Ympäristöpalvelut Oy	Finland	Haapavesi	**40.5**	40.5
Honkalahden Teollisuuslaituri Oy	Finland	Joutseno	**50.0**	50.0
Kemwater Phil., Corp.	Philippines	Manila	**0.0**	40.0
Sachtleben GmbH	Germany	Frankfurt am Main	**0.0**	39.0
White Pigment LLC	United States	Princeton NJ	**0.0**	39.0

SUMMARY OF ASSETS, LIABILITIES, REVENUES AND THE RESULT OF ASSOCIATES FOR THE PERIOD (TOTAL AMOUNTS)

	2013	2012
Assets	**23.1**	871.8
Liabilities	**21.4**	682.0
Revenues	**5.5**	701.8
Profit (+) / loss (–) for the period	**0.2**	28.7

Transactions carried out with associates are disclosed in Note 32.

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9. INCOME TAXES

	2013	2012
Current taxes	–25.4	–29.5
Taxes for prior years	–0.2	–0.3
Change in deferred taxes	–2.8	23.6
Total	–28.4	–6.2

Total taxes increased to EUR 28.4 million (EUR 6.2 million), mainly due to non-deductable items and the change in Finnish tax rate. Subsidiaries still have EUR 93.3 million (EUR 58.7 million) tax losses of which no deferred tax benefits have been recognized.

In addition, due to extensive international operations, the Group is involved in a number of pending corporate income tax and indirect tax proceedings.

RECONCILIATION BETWEEN TAX EXPENSE AND TAX CALCULATED AT DOMESTIC TAX RATE

	2013	2012
Profit before taxes	2.5	28.6
Tax at parent's tax rate 24.5%	–0.6	–7.0
Foreign subsidiaries' different tax rate	–1.4	–7.4
Non-deductible expenses and tax-exempt profits	–5.8	–3.1
Share of profit or loss of associates	–0.3	2.8
Tax losses	–16.3	–4.6
Tax for prior years	–0.2	–0.3
Adjustment of deferred tax in respect to prior years	1.8	14.3
Change in Finnish tax rate	–5.6	0.0
Change in Swedish tax rate	0.0	–0.7
Other	0.0	–0.2
Total taxes	–28.4	–6.2

THE TAX CHARGE / CREDIT RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME IS AS FOLLOWS:

	2013			2012		
	Before tax	Tax charge (–) /credit (+)	After tax	Before tax	Tax charge (–) /credit (+)	After tax
Available-for-sale financial assets	–41.1	14.1	–27.0	7.0	–1.5	5.4
Exchange differences on translating foreign operations			–17.7			2.3
Cash flow hedges	–3.2	0.9	–2.3	–1.3	0.3	–1.0
Remeasurements on defined benefit pensions	29.8	–7.2	22.6	–43.9	5.3	–38.6
Other comprehensive income	–14.5	7.8	–24.4	–38.2	4.1	–31.9

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10. EARNINGS PER SHARE

	2013	2012
Earnings per share, basic		
Net profit attributable to equity owners of the parent	**–31.6**	17.7
Weighted average number of shares [1]	**152,038,834**	152,037,158
Basic earnings per share, EUR	**–0.21**	0.12
Earnings per share, diluted		
Net profit attributable to equity owners of the parent	**–31.6**	17.7
Weighted average number of shares [1]	**152,038,834**	152,037,158
Adjustments for:		
Treasury shares possibly subject to emission in share-based payments	**140,033**	136,082
Weighted average number of shares for diluted earnings per share	**152,178,867**	152,173,240
Diluted earnings per share, EUR	**–0.21**	0.12

[1] Weighted average number of shares outstanding, excluding the number of treasury shares.

Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´, additional information is disclosed in the Group's accounting policies.

11. GOODWILL

	Note	2013	2012
Net book value at 1 Jan		**522.5**	606.0
Acquisition of subsidiary	27	**32.5**	0.0
Additions		**1.5**	0.0
Disposal of subsidiaries		**–41.1**	0.0
Impairments		**0.0**	–19.5
Transferred to non-current asset classified as held-for-sale	18	**–35.8**	–57.0
Exchange differences		**–7.7**	–7.0
Net book value at 31 Dec		**471.9**	522.5

In 2013, goodwill increased by EUR 34.0 million, which is related to 3F Chimica S.p.A and Soto Industries Inc acquisitions. Goodwill was decreased by EUR 41.1 million due to the sale of coagulant business to Bauminas Química Ltda. A further net book value of EUR 35.8 million transferred to assets held-for-sale relates to goodwill of ChemSolutions' formic acid business and Municipal & Industrial's distribution business in Denmark.

In 2012, goodwill decreased by EUR 19.5 million, which was mainly related to Kemira ChemSolutions B.V. A further net book value of EUR 57.0 million transferred to assets held-for-sale relates to goodwill of Kemira ChemSolutions B.V.

GOODWILL IMPAIRMENT TESTS

The Group performed its annual impairment test for goodwill on September 30. Impairment tests for goodwill are also carried out whenever changes in circumstances indicate that the carrying amount may not be recoverable. The estimated value in use by all segments exceeded their carrying values. As a result, no goodwill impairment was recognized in 2013 (2012: no impairment).

In 2013, goodwill impairment tests used in cash-generating units was changed to meet the new organizational structure of the financial reporting. Comparative financials for 2012 have been reclassified in the below table to reflect the current cash-generating unit structure. Goodwill has been allocated at the level of four individual cash-generating units. The reportable segment has been defined as a cash-generating unit. The reportable segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The Group's four reportable segments are Paper, Municipal & Industrial, Oil & Mining and ChemSolutions. A summary of the carrying amounts and goodwill to the Group's reportable segments is presented in the table below.

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

	Dec 31, 2013 Carrying amount	of which goodwill	Dec 31, 2012 Carrying amount	of which goodwill
Paper	803	322	805	324
Municipal & Industrial	303	68	341	115
Oil & Mining	225	82	163	50
ChemSolutions	24	0	96	34
Total	1,355	472	1,405	523

KEY ASSUMPTIONS FOR IMPAIRMENT TESTING OF GOODWILL

LONG-TERM GROWTH RATE

The long-term growth rate used is purely for the impairment testing of goodwill. The assumptions of the long-term growth rate were used based on the Group's financial forecasts prepared and approved by the management covering horizon of five-year. Forecasts for cash flow growth reflect the management's perception of developments in sales and cost items during the forecast period. The growth rate used to extrapolate cash flows subsequent to the five-year forecast period was assumed to be zero.

DISCOUNT RATE

The discount rates applied were based on the Group's adjusted weighted average cost of capital (WACC). The risk-adjusted WACC rate was defined separately for each cash-generating unit. The discount rates used in performing the impairment tests of the Group's reportable segments are presented in the table below.

%	2013	2012
Paper	7.5	8.1
Municipal & Industrial	6.9	7.7
Oil & Mining	7.7	8.0
ChemSolutions	7.5	8.6

SENSITIVITY ANALYSIS

The sensitivity analyses were made under the assumption that there would be a decline in the growth rate of cash flows during and after the forecasting period. A general increase in interest rates has also been taken into consideration as well as a decrease in profitability. A decrease of 10% in the estimated cash flow or an increased 2% in the discount rate would not result in any impairment losses to be recorded on the reportable segment level.

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12. OTHER INTANGIBLE ASSETS

2013	**Internal generated development costs**	**Other intangible assets**	**Prepayments**	**Total**
Cost at 1 Jan	47.2	154.7	4.5	**206.4**
Acquisition of subsidiaries		20.8		**20.8**
Additions		3.9	4.5	**8.4**
Disposal of subsidiaries		–0.1		**–0.1**
Decreases		–0.1		**–0.1**
Transferred to non-current assets classified as held-for-sale		–12.0		**–12.0**
Reclassifications			–0.2	**–0.2**
Exchange rate differences		–1.1	0.1	**–1.0**
Cost at 31 Dec	47.2	166.1	8.9	**222.2**
Accumulated amortization at 1 Jan	–34.0	–111.9		**–145.9**
Accumulated amortization relating to decreases and transfers		0.2		**0.2**
Amortization during the financial year	–3.9	–9.4		**–13.3**
Transferred to non-current assets classified as held-for-sale		11.2		**11.2**
Exchange rate differences		0.9		**0.9**
Accumulated amortization at 31 Dec	–37.9	–109.0		**–146.9**
Net book value at 31 Dec	**9.3**	**57.1**	**8.9**	**75.3**

Other intangible assets transferred to non-current assets classified as held-for-sale amounts to EUR 0.8 million that are used by the formic acid business within the ChemSolutions segment. See Note 18 for further details regarding the held-for-sale.

2012	Internal generated development costs	Other intangible assets	Prepayments	Total
Cost at 1 Jan	47.2	157.1	6.1	210.4
Additions		4.2	3.8	8.0
Decreases		–0.1		–0.1
Transferred to non-current assets classified as held-for-sale		–11.1		–11.1
Other changes		–0.9		–0.9
Reclassifications		5.4	–5.4	0.0
Exchange rate differences		0.1		0.1
Cost at 31 Dec	47.2	154.7	4.5	206.4
Accumulated amortization at 1 Jan	–30.2	–112.7		–142.9
Accumulated amortization relating to decreases and transfers				0.0
Amortization during the financial year	–3.8	–10.5		–14.3
Transferred to non-current assets classified as held-for-sale		10.6		10.6
Other changes		0.9		0.9
Exchange rate differences		–0.2		–0.2
Accumulated amortization at 31 Dec	–34.0	–111.9		–145.9
Net book value at 31 Dec	13.2	42.8	4.5	60.5

Other intangible assets transferred to non-current assets classified as held-for-sale amounts to EUR 0.5 million that were used by Kemira ChemSolutions B.V. See Note 18 for further details regarding the held-for-sale.

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

13. PROPERTY, PLANT AND EQUIPMENT

2013	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non–current assets under construction	Total
Cost at 1 Jan	50.6	392.7	1,136.5	32.9	111.0	**1,723.7**
Acquired subsidiaries	5.1	10.7	14.2	0.2	0.1	**30.3**
Additions	0.3	4.8	55.1	3.9	52.2	**116.3**
Disposal of subsidiaries	–0.6	–3.0	–8.5	–4.0	–4.9	**–21.0**
Decreases		–2.0	–4.4	–0.7	–1.5	**–8.6**
Transferred to non-current assets classified as held-for-sale	–0.1	–13.4	–86.6	–2.4	–3.5	**–106.0**
Other changes			0.3	0.1	–0.1	**0.3**
Reclassifications	0.5	–4.6	8.2	5.0	–8.8	**0.3**
Exchange rate differences	–1.3	–11.0	–28.8	–0.5	–4.1	**–45.7**
Cost at 31 Dec	54.5	374.2	1,086.0	34.5	140.4	**1,689.6**
Accumulated depreciation at 1 Jan	–8.5	–235.0	–805.6	–18.7		**–1,067.8**
Accumulated depreciation related to decreases and transfers		1.5	4.8	0.5		**6.8**
Disposal of subsidiaries		0.8	2.2	0.1		**3.1**
Depreciation during the financial year		–12.8	–61.0	–2.6		**–76.4**
Impairments		–2.6	–6.8	–0.2		**–9.6**
Transferred to non-current assets classified as held-for-sale		7.3	63.5	1.3		**72.1**
Other changes			0.1			**0.1**
Exchange rate differences		6.2	19.3	1.1		**26.6**
Accumulated depreciation at 31 Dec	–8.5	–234.6	–783.5	–18.5		**–1,045.1**
Net book value at 31 Dec	**46.0**	**139.6**	**302.5**	**16.0**	**140.4**	**644.5**

Property, plant and equipment transferred to non-current assets classified as held-for-sale amounts to EUR 33.9 million that are used by the formic acid business within the ChemSolutions segment and the distribution business in Denmark. See Note 18 for further details regarding the held-for-sale.

Prepayment and non-current assets under construction mainly comprises plant investments in China and Europe.

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2012	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non–current assets under construction	Total
Cost at 1 Jan	52.8	393.7	1,136.6	31.4	58.1	1,672.6
Additions		4.9	52.2	4.3	73.9	135.3
Decreases	–1.7	–0.7	–7.3	–0.4		–10.1
Transferred to non-current assets classified as held-for-sale	–1.0	–14.9	–20.3	–0.1	–2.0	–38.3
Other changes		–2.3	–36.7	–1.8	–0.5	–41.3
Reclassifications	–0.1	9.1	7.9	0.1	–17.0	0.0
Exchange rate differences	0.6	2.9	4.1	–0.6	–1.5	5.5
Cost at 31 Dec	50.6	392.7	1,136.5	32.9	111.0	1,723.7
Accumulated depreciation at 1 Jan	–8.1	–215.4	–775.7	–17.4		–1,016.6
Accumulated depreciation related to decreases and transfers	1.7	0.2	5.4			7.3
Depreciation during the financial year		–20.1	–74.2	–4.4		–98.7
Impairments	–2.1	–8.0	–4.1	–0.1		–14.3
Transferred to non-current assets classified as held-for-sale		8.4	12.6	0.1		21.1
Other changes		2.7	35.1	2.6		40.4
Exchange rate differences		–2.8	–4.7	0.5		–7.0
Accumulated depreciation at 31 Dec	–8.5	–235.0	–805.6	–18.7		–1,067.8
Net book value at 31 Dec	42.1	157.7	330.9	14.2	111.0	655.9

Property, plant and equipment transferred to non-current assets classified as held-for-sale amounts to EUR 17.2 million that were used by Kemira ChemSolutions B.V. See Note 18 for further details regarding the held-for-sale.

Finance lease assets

Property, plant and equipment includes the following amounts where the Group is a lessee under a finance lease:

	2013	2012
Cost - capitalized finance leases	**6.2**	3.7
Accumulated depreciation	**–1.7**	–1.6
Net book amount	**4.5**	2.1

The Group leases buildings and constructions, machinery and equipment and other property, plant and equipment under finance lease agreements.

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013	2012
Net book value at 1 Jan	**264.0**	256.5
Additions	**4.1**	0.5
Disposals	**−2.5**	0.0
Change in fair value	**−41.1**	7.0
Reclassification	**9.1**	0.0
Exchange rate differences	**0.0**	0.0
Net book value at 31 Dec	**233.6**	264.0

The available-for-sale financial assets include the shares in Pohjolan Voima Group; their valuation principles are described in more detail in Kemira Group's accounting policies. Kemira Oyj owns 4% of Pohjolan Voima Oy and 1% of Teollisuuden Voima Oyj. The fair value of the shares is based on the discounted cash flow resulting from the difference between the market price and the production cost of electricity. The discount rate used to calculate the net present value at the year-end is an annually defined weighted average cost of capital. The discount rate in 2013 was 5%. A 10% decrease in the electricity market future price would decrease the fair value of shares by approximately 13%. An increase of 1% in the discount rate would decrease the fair value by approximately 7%.

The shares of Pohjolan Voima Group	Class of shares	Holding %	Class of assets	2013 Fair value	2012 Fair value
Pohjolan Voima Oy	A	5	water power	**26.3**	28.4
Pohjolan Voima Oy	B	3	nuclear power	**45.2**	59.8
Pohjolan Voima Oy	B2	7	nuclear power	**81.2**	81.2
Teollisuuden Voima Oyj	A	2	nuclear power	**48.6**	68.8
Other Pohjolan Voima Oy and Teollisuuden Voima Oyj	C, C2, G5, G6, H, M	several	several	**24.4**	24.4
Total				**225.7**	262.6

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

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15. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

2013	Note	Financial instruments under hedge accounting	Financial assets at fair value through profit and loss	Loans and receivables	Available–for–sale investments	Other liabilities	Total carrying amounts by balance sheet item	Total fair value
Non-current financial assets								
Investments	14							
Available-for-sale financial assets			6.6		227.0		**233.6**	**233.6**
Current financial assets								
Receivables	17							
Interest-bearing receivables				0.5			**0.5**	**0.5**
Non-interest bearing receivables								
Trade receivables				255.0			**255.0**	**255.0**
Other receivables			4.2				**4.2**	**4.2**
Total			10.8	255.5	227.0		**493.3**	**493.3**
Non-current financial liabilities								
Interest-bearing liabilities	20							
Loans from financial institutions						270.0	**270.0**	**274.1**
Other liabilities						9.9	**9.9**	**10.0**
Other liabilities						21.4	**21.4**	**21.4**
Current financial liabilities								
Interest-bearing liabilities	20							
Loans from financial institutions						58.3	**58.3**	**59.2**
Other liabilities						220.1	**220.1**	**221.0**
Non-interest bearing current liabilities	25							
Trade payables						143.3	**143.3**	**143.3**
Other liabilities		11.4	3.3				**14.7**	**14.7**
Total		11.4	3.3			723.0	**737.7**	**743.7**

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

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2012	Note	Financial instruments under hedge accounting	Financial assets at fair value through profit and loss	Loans and receiv-ables	Available–for–sale investments	Other liabilities	Total carrying amounts by balance sheet item	Total fair value
Non-current financial assets								
Investments	14							
Available-for-sale financial assets					264.0		264.0	264.0
Current financial assets								
Receivables	17							
Interest-bearing receivables				0.3			0.3	0.3
Non-interest bearing receivables								
Trade receivables				292.2			292.2	292.2
Other receivables			3.4				3.4	3.4
Total			3.4	292.5	264.0		559.9	559.9
Non-current financial liabilities								
Interest-bearing liabilities	20							
Loans from financial institutions						379.9	379.9	386.8
Other liabilities						7.6	7.6	7.7
Other liabilities						21.4	21.4	21.4
Current financial liabilities								
Interest-bearing liabilities	20							
Loans from financial institutions						52.8	52.8	53.8
Current portion of other non-current liabilities						10.8	10.8	10.8
Other liabilities						213.6	213.6	213.6
Non-interest bearing liabilities	25							
Trade payables						157.6	157.6	157.6
Other liabilities		12,1	2.6				14.7	14.7
Total		12,1	2.6			843.7	858.4	866.4

The available-for-sale financial assets include shares of the Pohjolan Voima Group.

The carrying amount represents the maximum credit risk.

Other receivables and liabilities are financial assets at fair value through profit and loss or financial instruments under hedge accounting.

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FAIR VALUE HIERARCHY	2013 Level 1	Level 2	Level 3	Total net	2012 Level 1	Level 2	Level 3	Total net
Available-for-sale financial assets	6.6		227.0	233.6			264.0	264.0
Currency investments		0.7		0.7		1.7		1.7
Interest rate instruments, hedge accounting		−3.6		−3.6		−6.2		−6.2
Other instruments		−7.6		−7.6		−6.7		−6.7
Money market instruments				0.0	7.1			7.1
Total	6.6	−10.5	227.0	223.1	7.1	−11.2	264.0	259.9

Level 1: Fair value is determined based on quoted market prices.

Level 2: Fair value is determined by using valuation techniques. The fair value refers to the value that is observable from the market value of elements of the financial instrument or from the market value of corresponding financial instrument; or the value that is observable by using commonly accepted valuation models and techniques, if the market value can be measured reliably with them.

Level 3: Fair value is determined by using valuation techniques, which use inputs that have a significant effect on the recorded fair value, and inputs are not based on observable market data.

LEVEL 3 SPECIFICATION	Level 3 Total net 2013	Level 3 Total net 2012
Instrument		
Carrying value at 1 Jan	264.0	256.5
Effect on the Statement of Comprehensive Income	−41.1	6.9
Transfers	0.0	0.0
Increases	4.1	0.6
Decreases	0.0	0.0
Carrying value at 31 Dec	227.0	264.0

16. INVENTORIES

	2013	2012
Materials and supplies	52.6	62.2
Finished goods	108.6	110.0
Prepayments	8.7	9.7
Total	169.9	181.9

In the financial year, EUR 2.6 million (EUR 9.5 million) of inventory value was recognized as expense in order to decrease the book values of inventories to correspond with their net realizable value.

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

17. RECEIVABLES

	Note	2013	2012
Interest-bearing receivables			
Loan receivables		**0.5**	0.3
Trade and other receivables			
Trade receivables	29	**255.0**	292.2
Prepayments		**4.3**	6.5
Accrued income		**30.0**	31.7
Other receivables		**31.6**	22.7
Total trade and other receivables		**320.9**	353.1

Items that are due in a time period longer than one year include trade receivables of EUR 0.3 million (EUR 0.6 million), prepaid expenses and accrued income of EUR 2.0 million (EUR 2.0 million), non-interest bearing receivables of EUR 0.6 million (EUR 0.2 million) and loan receivables of EUR 0.0 million (EUR 0.1 million).

18. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

ASSETS CLASSIFIED AS HELD-FOR-SALE

	2013	2012
Goodwill	**35.8**	57.0
Intangible assets	**0.8**	0.5
Property, plant and equipment	**33.9**	17.2
Inventories	**15.3**	6.8
Other current assets	**19.6**	11.8
Total	**105.4**	93.3

LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD-FOR-SALE

	2013	2012
Trade payables and other liabilities	**12.3**	7.7
Other current liabilities	**7.5**	3.3
Total	**19.8**	11.0

The assets and liabilities related to sale of formic acid business to Taminco (Allentown, Pennsylvania, USA) and hydrochloric acid, sulfuric acid and sodium hydroxide (caustic soda) in Denmark to Brenntag Group, have been presented as held-for-sale in the Financial Statements 2013.

Kemira signed an agreement on December 23, 2013 to sell its formic acid business, including the feed and airport runway deicing product lines. The transaction includes a manufacturing asset for formic acid in Oulu, Finland, and approximately 160 employees, that will transfer to Taminco. The transaction is subject to the fulfillment of customary closing conditions, and the closing is expected during the first quarter of 2014. The agreed transaction price is EUR 140 million and will be paid fully at closing. Sodium percarbonate, the remaining business within the ChemSolutions segment, will stay within Kemira and will be reported as part of the Paper segment.

Kemira is selling its distribution business in Denmark and certain assets in Copenhagen. The distribution business is a currently part of Kemira's Municipal & Industrial segment. The transaction has been completed during the first quarter of 2014.

The assets and liabilities related to ChemSolutions B.V. have been presented as held-for-sale in the Financial Statements 2012 due to a sales agreement signed on December 14, 2012. Based on the sale agreement, Kemira sold its food and pharmaceutical businesses together with its acetate based chemicals business to Niacet (Niagara Falls, USA). These businesses were the part of Kemira's ChemSolutions business. All shares of Kemira ChemSolutions B.V., including the manufacturing site in Tiel (the Netherlands), were transferred from Kemira to Niacet Corp. The other businesses of the ChemSolutions segment, including the chemical, feed and de-icing business, which are linked to Kemira's formic acid production in Oulu (Finland), remain within Kemira. The transaction was completed on 1 March 2013.

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19. SHAREHOLDERS' EQUITY

CHANGES IN NUMBER OF SHARES AND SHARE CAPITAL

	Number of shares outstanding (1,000)	Share capital
January 1, 2012	152,030	221.8
Treasury shares issued to key personnel and Management Board members	0	
Treasury shares issued to the Board of Directors	11	
Acquisition of treasury shares	0	
Shares from the share-based arrangement given back	0	
December 31, 2012	152,041	221.8
January 1, 2013	**152,041**	**221.8**
Treasury shares issued to key personnel and Management Board members	**0**	
Treasury shares issued to the Board of Directors	**8**	
Acquisition of treasury shares	**0**	
Shares from the share-based arrangement given back	**–7**	
December 31, 2013	**152,042**	**221.8**

Kemira Oyj has one class of shares. Each share entitles its holder to one vote at the Annual General Meeting. On December 31, 2013, the share capital was EUR 221.8 million and the total number of shares issued was 155,342,557 including 3,301,006 treasury shares. Under the Articles of Association of Kemira Oyj, the company does not have a minimum or maximum share capital or a par value for a share. All issued shares have been fully paid.

SHARE PREMIUM

The share premium is a reserve accumulated through subscriptions entitled by the management stock option program of 2001. This reserve is based on the old Finnish Companies Act (734/1978), which will not change anymore.

FAIR VALUE RESERVES

The fair value reserve is a reserve accumulated based on available-for-sale financial assets (shares) measured at fair value and hedge accounting.

OTHER RESERVES

Other reserves originate from local requirements of subsidiaries. On December 31, 2013, other reserves were EUR 3.7 million (EUR 4.3 million).

UNRESTRICTED EQUITY RESERVE

The unrestricted equity reserve includes other equity type investments and the subscription price of shares to the extent that they will not, based on the specific decision, be recognized in share capital.

EXCHANGE DIFFERENCES

The foreign currency translation differences arise from the translation of foreign subsidiaries' financial statements. Also, the gains and losses arising from net investment hedges in foreign subsidiaries are included in foreign currency translation differences, provided that hedge accounting requirements are fulfilled.

TREASURY SHARES

Kemira had 3,301,006 of its treasury shares in possession on December 31, 2013. The average share price of treasury shares was EUR 6.73, and they represented 2.1% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 4.7 million.

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

OTHER COMPREHENSIVE INCOME IN THE STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
Year ended 31 December 2012	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Net profit for the period							17.7	17.7	4.7	22.4
Other comprehensive income										
Items that may be reclassified subsequently to profit or loss:										
Available-for-sale financial assets			5.4					5.4		5.4
Exchange differences on translating foreign operations					1.6			1.6	0.7	2.3
Cash flow hedges			−1.0					−1.0		−1.0
Items that will not be reclassified subsequently to profit or loss:										
Remeasurements on defined benefit pensions							−38.6	−38.6		−38.6
Other comprehensive income for the period, net of tax			4.4		1.6		−38.6	−32.6	0.7	−31.9
Total comprehensive income for the period			4.4		1.6		−20.9	−14.9	5.4	−9.5

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
Year ended 31 December 2013	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Net profit for the period							−31.6	**−31.6**	5.7	**−25.9**
Other comprehensive income										
Items that may be reclassified subsequently to profit or loss:										
Available-for-sale financial assets			−27.0					**−27.0**		**−27.0**
Exchange differences on translating foreign operations					−17.1			**−17.1**	−0.6	**−17.7**
Cash flow hedges			−2.3					**−2.3**		**−2.3**
Items that will not be reclassified subsequently to profit or loss:										
Remeasurements on defined benefit pensions							22.6	**22.6**		**22.6**
Other comprehensive income for the period, net of tax			−29.3		−17.1		22.6	**−23.8**	−0.6	**−24.4**
Total comprehensive income for the period			**−29.3**		**−17.1**		**−9.0**	**−55.4**	**5.1**	**−50.3**

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20. INTEREST-BEARING LIABILITIES

	2013	2012
Interest-bearing current liabilities		
Loans from financial institutions	58.3	52.8
Current portion of other non-current loans	0.0	10.8
Finance lease liabilities	0.9	1.1
Other interest-bearing current liabilities	219.2	212.5
Total	278.4	277.2
Interest-bearing non-current liabilities		
Loans from financial institutions	270.0	379.9
Finance lease liabilities	1.8	0.0
Other non-current liabilities from others	8.1	7.6
Total	279.9	387.5
Non-current interest-bearing liabilities maturing in		
2015 (2014)	93.5	56.5
2016 (2015)	33.2	112.2
2017 (2016)	60.3	33.5
2018 (2017)	67.9	56.8
2019 (2018) or later	23.2	128.5
Total	278.1	387.5
Interest-bearing liabilities maturing in five years or over a longer period of time		
Loans from financial institutions	23.2	128.5
Total	23.2	128.5

The foreign currency breakdown of non-current loans is disclosed in Note 29 Management of financial risks.

The Group's liabilities include neither debentures nor convertible bonds.

Net liabilities	2013	2012
Interest-bearing non-current liabilities	279.9	387.5
Interest-bearing current liabilities	278.4	277.2
Cash and cash equivalents	–102.0	–132.7
Total	456.3	532.0

21. FINANCE LEASE LIABILITIES

	2013	2012
Maturity of minimum lease payments		
No later than 1 year	1.0	0.9
1–5 years	1.2	0.2
Later than 5 years	0.8	0.0
Total minimum lease payments	3.0	1.1
Present value of finance lease liabilities		
Total minimum lease payments	3.0	0.9
Future finance charges on finance leases	–0.3	0.0
Present value of finance lease liabilities	2.7	0.9
Maturity of the present value of finance lease liabilities		
No later than 1 year	0.9	0.9
1–5 years	1.1	0.2
Later than 5 years	0.7	0.0
Total present value of finance lease liabilities	2.7	1.1

Kemira 2013 Consolidated Financial Statements • Notes to the Consolidated Financial Statements (EUR million)

22. DEFERRED TAX LIABILITIES AND ASSETS

	Jan 1, 2013	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired subsidiaries	Exchange differences and reclassifications	Dec 31, 2013
Deferred tax liabilities							
Depreciation difference and untaxed reserves	49.6	3.1				–2.0	**50.7**
Available-for-sale financial assets	31.5	0.0	–14.0			–0.1	**17.4**
Defined benefit pensions	5.9	–2.7	5.1			–1.1	**7.2**
Fair value adjustments of net assets acquired [1]	3.5	–0.7			6.6	–0.6	**8.8**
Other	3.4	0.6	0.7	0.0		1.0	**5.7**
Total	93.9	0.3	–8.2	0.0	6.6	–2.8	**89.8**
Deferred tax assets deducted	–54.8						**–46.3**
Total deferred tax liabilities in the balance sheet	39.1						**43.5**
Deferred tax assets							
Provisions	5.4	2.9				–1.4	**6.9**
Tax losses	44.1	3.3				–1.2	**46.2**
Defined benefit pensions	3.2	–0.7				1.3	**3.8**
Other	32.2	–8.0	1.1	0.0		0.1	**25.4**
Total	84.9	–2.5	1.1	0.0	0.0	–1.2	**82.3**
Deferred tax liabilities deducted	–54.8						**–46.3**
Total deferred tax assets in the balance sheet	30.1						**36.0**

	Jan 1, 2012	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired subsidiaries	Exchange differences and reclassifications	Dec 31, 2012
Deferred tax liabilities							
Depreciation difference and untaxed reserves	58.5	–9.5				0.6	49.6
Available-for-sale financial assets	29.6	0.2	1.7				31.5
Defined benefit pensions	10.7	0.3	–5.1				5.9
Fair value adjustments of net assets acquired [1]	4.4	–0.9					3.5
Other	33.9	–28.2		–2.3			3.4
Total	137.1	–38.1	–3.4	–2.3	0.0	0.6	93.9
Deferred tax assets deducted	–50.2						–54.8
Total deferred tax liabilities in the balance sheet	86.9						39.1
Deferred tax assets							
Provisions	5.6	–0.2					5.4
Tax losses	48.1	–3.8				–0.2	44.1
Defined benefit pensions	2.2	0.7	0.2			0.1	3.2
Other	41.8	–11.2	0.3	0.6		0.7	32.2
Total	97.7	–14.5	0.5	0.6	0.0	0.6	84.9
Deferred tax liabilities deducted	–50.2						–54.8
Total deferred tax assets in the balance sheet	47.5						30.1

[1] The identifiable assets acquired and liabilities assumed in a business combination are recognized at their fair values. The resulting deferred taxes affect goodwill.

The Finnish corporate tax rate change from 24.5% to 20% was enacted on December 17, 2013, and will be effective from January 1, 2014. The relevant deferred tax balances have been remeasured at the new 20% tax rate in the Consolidated Financial Statements year ended on December 31, 2013.

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23. DEFINED BENEFIT PLANS

In the beginning of 2013, Kemira Group has applied the revised IAS 19 `Employee Benefits´. The effect of applying the IAS 19 revised is disclosed in the Group's accounting policies in section `New and amended IFRSs adopted in 2013´.

The Group has various pension plans in accordance with the local conditions and practices of its operating countries. The pension plans include both defined benefit and defined contribution pension plans. The majority of the pension plans are defined benefit contribution plans. The Group applies defined benefit plans in Finland, the Netherlands, Sweden, Germany, UK, France, Norway and Canada. The defined benefit pension benefits are determined by salary, retirement age, disability, mortality or termination of employment.

The Group's most significant defined benefit plan is arranged in Finland through the pension fund Neliapila that takes care of part of some employees additional pension benefits. The pension fund Neliapila covers most of Kemira's employees as a rule, whose employment has begun prior to 1.1.1991, meaning that the fund is closed for new employees. The plan is a final average pay pension plan concerning additional pension benefits.

AMOUNTS RECOGNIZED IN THE BALANCE SHEET - DEFINED BENEFIT PLANS

	2013	2012
Defined benefit obligations	423.8	454.5
Fair value of plan assets	–379.8	–392.2
Surplus (–) / Deficit (+)	44.0	62.3
The effect of asset ceiling	0.0	8.3
Net recognized assets (–) / liabilities (+) in the balance sheet	44.0	70.6
Liabilities for defined benefit plans	73.8	87.1
Assets for defined benefit plans	–29.8	–16.5
Net recognized assets (–) / liabilities (+) of defined benefit plans in the balance sheet	44.0	70.6

AMOUNTS RECOGNIZED IN THE COMPREHENSIVE INCOME - DEFINED BENEFIT PLANS

	2013	2012
Service cost	12.4	4.2
Net interest cost	2.1	3.9
Components of defined benefit costs recorded in the income statement	14.5	8.1
Remeasurements on defined benefit pensions	–22.6	38.6
Defined benefit costs recognized in the other comprehensive income	–22.6	38.6
Total of components of defined benefit plans	–8.1	46.7

The service cost and the net interest cost for the period is included in the employee benefits expenses in the Consolidated Income Statement. The remeasurements of defined benefit pension plans are included in the Statement of Comprehensive Income as part of other comprehensive income.

THE MOVEMENT IN THE DEFINED BENEFIT OBLIGATION OVER THE PERIOD

	2013	2012
Defined benefit obligation at 1 Jan	454.5	366.1
Current service cost	5.7	4.8
Interest cost	13.6	16.7
Actuarial losses (+) / gains (-) on obligation	–9.9	81.1
Exchange differences on foreign plans	–3.6	3.8
Effect of business combinations and divestments	–18.3	0.0
Benefits paid	–24.9	–20.3
Curtailments and settlements	6.1	2.5
Past service cost	0.9	0.0
Other movements	–0.3	–0.2
Defined benefit obligation at 31 Dec	423.8	454.5

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MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS OVER THE PERIOD

	2013	2012
Fair value at 1 Jan	**392.2**	355.6
Interest income	**11.5**	16.9
Contributions	**5.0**	7.1
Actuarial losses (–) / gains (+) on plan assets	**8.0**	33.4
Exchange differences on foreign plans	**–1.7**	–0.2
Effect of business combinations and divestments	**–12.6**	0.0
Benefits paid	**–22.7**	–20.3
Settlements	**0.0**	–0.3
Other movements	**0.1**	0.0
Fair value of plan assets at 31 Dec	**379.8**	392.2

ANALYSIS OF PLAN ASSETS BY ASSET CATEGORY

	2013	2012
Shares	**129.9**	122.2
Mutual funds, interest rate investments and other assets	**234.5**	254.6
Kemira Oyj's shares	**1.4**	1.4
Property occupied by the Group	**14.0**	14.0
Total assets	**379.8**	392.2

The Finnish pension fund Neliapila, which has the most of the defined plan's assets, hold a significant proportion of equities and high-yield corporate bonds which are expected to outperform corporate bonds in the long-term while causing volatility and risk in the short term. In Neliapila the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to combine long-term investments in line with the obligations under the pension scheme. Investments are in such a way diversified that the failure of any single investment would not have a material impact on the overall level of assets. In Neliapila the risk management process has not been changed from previous years.

The actual return on plan assets of the Group's defined benefit plan was EUR 19.5 million (EUR 50.3 million).

SIGNIFICANT ACTUARIAL ASSUMPTIONS, %

	2013	2012
Discount rate	**3.0–4.8**	3.0–4.7
Inflation rate	**1.0–3.3**	1.5–3.0
Future salary increases	**1.0–3.5**	1.0–3.1
Future pension increases	**1.0–3.3**	1.3–3.3

SENSITIVITY ANALYSES

If the discount rate would be 0.5% lower, the defined benefit obligation would increase by EUR 16.5 million in case all other assumptions were held constant.

The sensitivity analysis is based on maintaining other assumptions stagnant even through one assumption changes. In practice, this is unlikely to occur and changes in some of the assumptions may correlate. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognized within the balance sheet.

Expected contributions to the defined benefit plans for the year ended December 31, 2014, are EUR 5.8 million.

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24. PROVISIONS

	Personnel related provisions	Restructuring provisions	Environmental and damage provisions	Other provisions	2013
Non-current provisions					
At 1 Jan	4.9	2.1	14.8	0.0	**21.8**
Exchange rate differences	0.1		−0.9		**−0.8**
Additional provisions and increases in existing provisions	1.2	0.1	10.5	1.0	**12.8**
Used during the financial year	−0.1	−0.6	−2.3		**−3.0**
Unused amounts reversed	−0.1				**−0.1**
Changes in subsidiaries	0.4		−3.7		**−3.3**
Reclassification	−2.1		2.0		**−0.1**
At 31 Dec	**4.3**	**1.6**	**20.4**	**1.0**	**27.3**
Current provisions					
At 1 Jan	8.1	8.9	4.9	1.9	**23.8**
Exchange rate differences	−0.3			−0.2	**−0.5**
Additional provisions and increases in existing provisions	12.2	5.2	0.7	0.4	**18.5**
Used during the financial year	−10.9	−1.9	−1.8	−0.2	**−14.8**
Unused amounts reversed	−0.3	−0.3			**−0.6**
Changes in subsidiaries				−1.3	**−1.3**
Reclassification	2.1		−2.0		**0.1**
At 31 Dec	**10.9**	**11.9**	**1.8**	**0.6**	**25.2**

	2013	2012
Analysis of total provisions		
Non-current provisions	**27.3**	21.8
Current provisions	**25.2**	23.8
Total	**52.5**	45.6

In 2013, increase in personnel related and restructuring provisions relate mainly to the paper chemicals plant closure in Vaasa and the business service center established Gdansk, Poland.

In 2012, increase in personnel related and restructuring provisions related mainly to restructuring program “Fit for Growth” to improve Kemira’s profitability, its internal efficiency and to accelerate the growth in the emerging markets. The restructuring program resulted in the reduction of the total of approximately 500 jobs. Other costs attributable to the restructuring includes factory closures. These costs were fully provided for in 2012. The provision has been fully utilized during the year 2013.

More information about environmental provisions can be found in Note 31, Environmental risks and liabilities.

25. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2013	2012
Trade payables and other current liabilities		
Prepayments received	**1.7**	0.9
Trade payables	**143.3**	157.6
Accrued expenses	**129.5**	128.9
Other non-interest bearing current liabilities	**28.1**	28.1
Total trade payables and other current liabilities	**302.6**	315.5
Accrued expenses		
Employee benefits	**36.3**	32.6
Items related to revenues and purchases	**58.6**	53.4
Interest	**2.2**	9.2
Exchange rate differences	**3.6**	1.7
Other	**28.8**	32.0
Total accrued expenses	**129.5**	128.9

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26. SUPPLEMENTARY CASH FLOW INFORMATION

	2013	2012
Disposal of subsidiaries		
Proceeds from the disposals	89.2	–
Cash and cash equivalents in disposed companies	–1.7	–
Total cash flow on disposals of subsidiaries	87.5	–
Assets and liabilities disposed of subsidiaries		–
Net working capital	7.4	–
Property, plant and equipment and intangible assets	133.7	–
Other non-interest bearing receivables	0.8	–
Interest-bearing liabilities	–0.8	–
Non-interest bearing liabilities	–7.3	–
Total assets and liabilities of disposed subsidiaries	133.8	–

27. BUSINESS COMBINATIONS

On 1 July 2013, Kemira announced that it had acquired 3F Chimica S.p.A., a privately owned company, headquartered in Sandrigo, Italy, excluding a certain part of their assets located in the US. Kemira acquired 100% of the share capital of 3F and obtained control of 3F. The provisional goodwill of EUR 32.5 million arising from the acquisition is attributable to acquired production capacities from manufacturing sites in Italy and USA and the expected synergy benefits.

3F produces dry and emulsion polyacrylamide polymers and related process chemicals. Their polymer production is supported by backward integrated key intermediates, such as bio-acrylamide and cationic monomers. The acquisition includes two manufacturing sites in Italy (San Giorgio and Sandrigo) and one manufacturing site in USA (Aberdeen, Mississippi). 3F products are used in retention and drainage in paper production, in drilling, extraction and stimulation in the oil & gas industry, in production optimization in the mining industry as well as in wastewater treatment and sludge dewatering.

The following table summarizes the consideration paid for 3F, and the amounts of the assets acquired and liabilities assumed recognized on the acquisition date.

	Note	
Consideration at 1 October 2013		
Cash		59.5
Recognized amounts of identifiable assets acquired and liabilities assumed		
Technologies, customer relationships and other intangible assets	12	20.8
Property, plant and equipment	13	30.4
Inventories		8.7
Trade and other receivables		12.1
Cash and cash equivalents		0.9
Interest-bearing liabilities		–26.0
Deferred tax liabilities		–6.6
Trade and other payables		–13.3
Total identifiable net assets		27.0
Goodwill	11	32.5
		59.5

The fair value of the acquired net assets is preliminary and depends on the final valuations.

Acquisition-related costs of EUR 1.6 million have been included in other operating expenses in the Consolidated Income Statement for the year ended 31 December 2013.

Had 3F been consolidated from 1 January 2013, the consolidated income statement would show pro forma revenue of EUR 72.5 million and operating profit of EUR 2.9 million. The pro forma amounts are provided for comparative purposes only and do not necessarily reflect the actual result that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

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28. DERIVATIVE INSTRUMENTS

NOMINAL VALUES	2013 < 1 year	2013 > 1 year	2013 Total	2012 < 1 year	2012 > 1 year	2012 Total
Currency instruments						
Forward contracts	604.8	–	604.8	611.2	–	611.2
Interest rate instruments						
Interest rate swaps	42.6	152.0	194.6	17.4	155.8	173.2
of which cash flow hedges	42.6	152.0	194.6	17.4	155.8	173.2
Bond futures	–	10.0	10.0	–	10.0	10.0
of which open	–	10.0	10.0	–	10.0	10.0
Other instruments						
Electricity forward contracts, bought (GWh)	521.2	929.3	1,450.5	538.8	762.3	1,301.1
of which cash flow hedges (GWh)	521.2	929.3	1,450.5	538.8	718.5	1,257.3

Nominal values of the financial instruments do not necessarily correspond to the actual cash flows between the counterparties, and individual items do not therefore give a fair view of the Group's risk position.

FAIR VALUES	2013 Assets gross	2013 Liabilities gross	2013 Total net	2012 Assets gross	2012 Liabilities gross	2012 Total net
Currency instruments						
Forward contracts	4.0	−3.3	0.7	3.4	−1.7	1.7
Interest rate instruments						
Interest rate swaps	–	−3.6	−3.6	–	−6.2	−6.2
of which cash flow hedges		−3.6	−3.6	–	−6.2	−6.2
Bond futures	0.2	–	0.2	–	−0.1	−0.1
of which open	0.2	–	0.2	–	−0.1	−0.1
Other instruments						
Electricity forward contracts, bought	–	−7.8	−7.8	–	−6.7	−6.7
of which cash flow hedges	–	−7.8	−7.8	–	−5.9	−5.9

FAIR VALUES	2013 Assets gross < 1 year	2013 Assets gross > 1 year	2013 Liabilities gross < 1 year	2013 Liabilities gross > 1 year	2012 Assets gross < 1 year	2012 Assets gross > 1 year	2012 Liabilities gross < 1 year	2012 Liabilities gross > 1 year
Currency instruments								
Forward contract	4.0	–	−3.3	–	3.4	–	−1.7	–
Interest rate instruments								
Interest rate swaps	–	–	−0.5	−3.1	–	–	−0.2	−6.0
of which cash flow hedges	–	–	−0.5	−3.1	–	–	−0.2	−6.0
Bond futures	–	0.2	–	–	–	–	–	−0.1
of which open	–	0.2	–	–	–	–	–	−0.1
Other instruments								
Electricity forward contracts, bought	–	–	−4.3	−3.5	0.2	–	−4.3	−2.6
of which cash flow hedges	–	–	−4.3	−3.5	0.2	–	−4.3	−1.8

29. MANAGEMENT OF FINANCIAL RISKS

The Group Treasury manages financial risks in accordance with the treasury policy in force. Approved by the Board of Directors, the treasury policy defines treasury management principles. The Board of Directors approves the annual Treasury plan and the maximum permissible financial risk levels.

Financial risk management aims to protect the Company from unfavorable changes in financial markets, thus contributing to safeguarding the Company's profit performance and shareholders' equity. Kemira employs various financial instruments within the set limits. The Group uses only instruments the market values and risks of which can be monitored continuously and reliably. It uses derivative instruments only for hedging purposes, not for speculative gain. Management of foreign exchange and interest rate risk is centralized in the Group Treasury.

FOREIGN EXCHANGE RISK

Foreign currency transaction risk arises from net currency flows denominated in currencies other than the domestic currency within and outside the eurozone. The Group's most significant transaction currency risks arise from the Swedish krona and the Canadian dollar. At the end of the year the denominated exchange rate risk of the Swedish krona had an equivalent value of approximately EUR 33 million (EUR 43 million), the average hedging rate being 79% (45%). The CAD denominated exchange rate risk had an equivalent value of approximately EUR 30 million (EUR 26 million), the average hedging rate being 42% (50%). Kemira is exposed to smaller transaction risks in relation to the UK pound, Norwegian krona and U.S. dollar with the annual exposure in those currencies being approximately EUR 30 million.

Kemira mainly uses forwards and currency options in hedging against foreign exchange risks. The table below shows an estimate of the largest group-level foreign currency cash flow risks.

	2013				2012			
Transaction and translation exposure, EUR million	**SEK**	**CAD**	**USD**	**Other**	SEK	CAD	USD	Other
Operative cash flow forecast [1]	**–33.5**	**30.4**	**4.6**	**49.5**	–43.3	26.0	11.7	70.1
Loans, net	**17.6**	**1.0**	**241.6**	**61.1**	18.2	–	208.0	49.5
Derivatives, transaction hedging	**31.6**	**–19.1**	**–2.2**	**21.4**	25.1	–11.4	–12.1	33.3
Derivatives, translation hedging	**1.6**	**–1.0**	**–228.9**	**–68.7**	–	–	–182.0	–50.2
Total	**17.3**	**11.3**	**15.1**	**63.3**	0.0	14.6	25.6	102.7

[1] Based on 12 months operative cash flow forecast

At the turn of 2013/2014, the foreign currency operative cash flow forecast for 2014 was EUR 118 million of which 63% was hedged (55%). The hedge ratio is monitored daily. In hedging the total cash flow risk, a neutral level is achieved when 50% of the forecasted net foreign currency cash flow is hedged. A minimum of 30% and a maximum of 100% of the forecast flow must always be hedged. A 10% fall in foreign exchange rates against the euro, based on the exchange rates quoted on the balance sheet date, and without hedging, would reduce earnings before taxes by about EUR 10 million.

Since Kemira's consolidated financial statements are compiled in euros, Kemira is subject to currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in some other currency than the euro. Most significant translation risk currencies are the US dollar, Swedish krona and Brazilian real.

Kemira's main equity items denominated in foreign currencies are in the Swedish krona and US dollar. The objective is to hedge the balance sheet risk by maintaining a balance between foreign currency denominated liabilities and assets, currency by currency. In hedging the net investment in its units abroad, Kemira monitors the equity ratio. In accordance with the Group's policy, Kemira must take equity hedging measures if a change of +/– 5% in foreign exchange rates causes a change of more than 1.5 percentage points in the equity ratio. Long-term loans are primarily used for hedging of net investment. These hedges apply without hedge accounting.

INTEREST RATE RISK

In accordance with the treasury policy the Group's interest rate risk is measured with the duration which describes average repricing moment of the loan portfolio. The duration, must be in the range of 6–24 months. The Group may borrow by way of either fixed or floating rate instruments and use both interest rate swaps and interest rate options as well as forward rate agreements and interest rate futures in order to meet the goal set under the related policy.

The duration of the Group's interest-bearing loan portfolio was 14 months at the end of 2013 (16 months). Excluding the interest rate derivatives, the duration was

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7 months (7 months). At the end of 2013, 60% of the Group's entire net debt portfolio, including derivatives and pension loans, consisted of fixed-interest borrowings (56%). The net financing cost of the Group was 2.7% (3.5%). This figure is attained by dividing yearly net interest and other financing expenses excluding exchange rate differences and dividends by the average interest bearing net debt figure for the corresponding period. The most significant impact on the net financing cost arises from variation in the interest rate levels of the euro and the US dollar denominated debt. On the balance sheet date the average interest rate of loan portfolio was approximately 1.5%.

Fixed-interest financial assets and liabilities are exposed to price risks arising from changes in interest rates. Floating rate of the financial assets and liabilities, the interest rate of which changes alongside market interest rates, are exposed to cash flow risks due to interest rates.

The table below shows the time to interest rate fixing of the loan portfolio.

Time to interest rate fixing at Dec 31, 2013	< 1 year	1–5 years	> 5 year	Total
Floating net liabilities	182	–	–	182
Fixed net liabilities	43	207	24	274
Total	**225**	**207**	**24**	**456**

Time to interest rate fixing at Dec 31, 2012	< 1 year	1–5 years	> 5 year	Total
Floating net liabilities	232	–	–	232
Fixed net liabilities	17	211	72	300
Total	249	211	72	532

As a consequence of this treasury policy, the Group's average interest rate is generally higher than short-term market interest rates when low rates prevail and, on the other hand, lower than market interest rates when high rates prevail. If interest rates would rise by one percentage point on January 1, 2014, the resulting interest expenses before taxes incurred by the Group over the next 12 months would increase by about EUR 1.4 million (EUR 2.1 million). During 2014, Kemira will reprice 46% (55%) of the Group's net debt portfolio, including derivatives.

On the balance sheet date, the Group had outstanding interest rate derivatives with a market value of EUR –3.6 million (EUR –6.2 million). All interest rate swaps are used to hedge the Group's loan portfolio, and are accounted for in accordance with the principles of hedge accounting set out in IAS 39. The Group's accounting policies section describes the Group policy regarding hedge accounting. One percentage point increase in interest rates would result in a positive impact of EUR 1.4 million (EUR 0.6 million) in equity (before taxes) from hedge accounting interest rate swaps.

PRICE RISK

The price of electricity varies greatly according to the market situation. Kemira Group takes hedging measures with respect to its electricity purchases in order to even out raw material costs. In line with its hedging policy, the Group hedges its existing sales agreements in such a way that the hedges cover the commitments made. The company primarily uses electricity forwards on the power exchange as hedging instruments. Currency and regional price risks connected with hedges are hedged by making agreements with Finland area, mainly in HELEUR amounts and Sweden area, mainly in MALSEK amounts, which is located in the largest consumption in Sweden. The majority of outstanding electricity derivatives are treated in accordance with cash flow hedge accounting, as discussed above. The forecast for physical deliveries of the underlying asset, or purchases, are not recorded until the delivery period. A 10% change in the market price of electricity hedging contracts would impact the valuation of these contracts EUR +/–5.1 million (EUR +/–5.3 million).

CREDIT AND COUNTERPARTY RISK

The Group's treasury policy defines the credit rating requirements for counterparties to investment activities and derivative agreements as well as the related investment policy. The Group seeks to minimize its counterparty risk by dealing solely with counterparties that are financial institutions with a good credit rating as well as by spreading agreements among them.

The Group Treasury approves the new banking relationships of subsidiaries. At present, there are 11 approved financial institution counterparties used by the Group Treasury, all of which have a credit rating of at least A, based on Standard & Poor's credit rating information. The maximum risk assignable to the Group's financial institution counterparties on the balance sheet date amounted to EUR 106,2 million on the balance sheet date (EUR 136.1 million). Kemira monitors its counterparty risk on a monthly basis by defining the maximum risk associated with each counterparty, based on the market value of receivables. For each financial institution, Kemira has defined an approved limit. Credit risks associated with financing transactions did not result in credit losses during the financial year.

The counterparty risk in treasury operations is due to the fact that a contractual party to a financing transaction is not necessarily able to fulfill its contractual obligations. Risks are mainly related to investment activities and the counterparty risks associated with derivative contracts. The Group Treasury may invest a maximum of EUR 150 million in liquid assets in the commercial papers of Finnish companies. The maximum single investment is EUR 25 million for a period of up to six months.

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Kemira has a Group wide credit policy in place. Products are sold on open account only to companies whos credit information does not indicate payment irregularities. The Group does not have any significant credit risk concentrations because of its extensive customer base across the world. Credit limits apply to most customers and are monitored systematically. In some cases, documentary payments are in use, such as letters of credit. The age distribution of trade receivables outstanding at the end of 2013 is shown in the following table.

AGEING OF TRADE RECEIVABLES	2013	2012
Undue trade receivables	**212.0**	247.7
Trade receivables 1–90 days overdue	**40.3**	43.4
Trade receivables more than 91 days overdue	**2.7**	1.1
Total	**255.0**	292.2

Impairment loss of trade receivables amounted to EUR 4.4 million (EUR 3.3 million).

In December 2013 Kemira signed an accounts receivable purchase facility worth USD 40 million, enabling Group companies in the USA to sell certain account receivables to the counterparty. The credit risk of the accounts receivables is transferred to the counterparty and 96.9 % of the receivables transferred are derecognized from the balance sheet. The amount of outstanding receivables transferred, which also reflects the carrying value of the receivables before the transfer was EUR 17.8 million at 31 December 2013. The amounts recognized in the balance sheet at 31 December 2013 due to the continuing involvement are EUR 0.6 million in assets and EUR 0.2 million in liabilities.

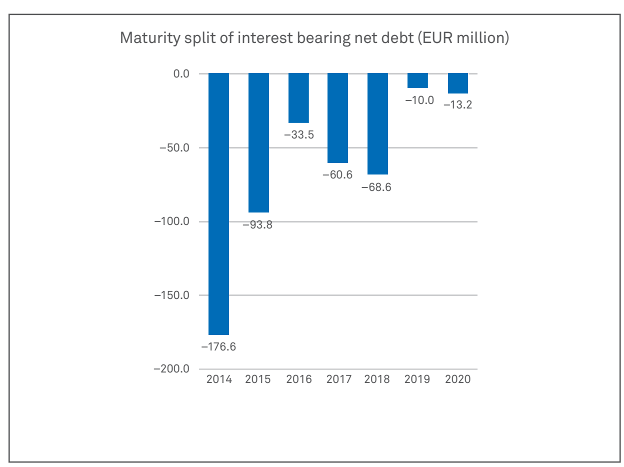
LIQUIDITY AND REFINANCING RISKS

In order to safeguard its liquidity, the Group uses account overdrafts, money market investments and a revolving credit facility. At the end of 2013 the Group's cash and cash equivalents stood at EUR 102.0 million (EUR 132.7 million), of which short-term investment accounted for EUR 14.4 million (EUR 42.0 million) and bank deposits EUR 87.6 million (EUR 90.7 million).

The Group diversifies its refinancing risk by raising financing from various sources. The Group has bank loans, insurance company loans as well as short-term domestic commercial paper program, with the objective of balancing the maturity schedule of the loan portfolio and maintaining a sufficiently long maturity for long-term loans.

In accordance with the Group Treasury policy, the average maturity of outstanding loans should always be at least 3 years. The Group must have committed credit facilities to cover planned funding needs, the current portion of long term debt, commercial paper borrowings and other uncommitted short-term loans in the next 12 months. Moreover, the maturity profile of the long-term debt portfolio and refinancing should be planned so that a maximum of 30% of the total debt portfolio will mature during the next 12 month period. The average maturity of debt at the end of 2013 was 4.2 years.

The Group has a EUR 600 million domestic commercial paper program enabling it to issue commercial papers with a maximum maturity of one year. At the end of 2013 the amount raised from commercial paper markets was EUR 163.8 million. Simultaneously the group had EUR 102 million of outstanding liquid short- and long-term investments. In addition, the Group has 5+1+1 year revolving credit facility of EUR 400 million. At the turn of the year 2013/2014 the revolving credit facility was undrawn. The revolving credit facility represents a flexible form of both short-term and long-term financing with a predictable fee structure.



CAPITAL STRUCTURE MANAGEMENT

The Group's long-term objective is to maintain a gearing ratio below 60%. To calculate the gearing ratio, interest-bearing net liabilities (interest-bearing liabilities less cash and cash equivalents) are divided by shareholders' equity.

Note
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Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

The new revolver credit facility agreement contains a covenant according to which the company gearing must be under 100%.

Besides gearing, certain other bilateral loan agreements contain a covenant according to which the Company represents and warrants that its financial standing will remain such that the consolidated shareholders' equity is always at least 25% of the consolidated total assets (equity ratio).

The Board of Directors will propose a per-share dividend of EUR 0.53 for 2013 (EUR 0.53), corresponding to a dividend payout ratio of –255% (455%). The long-term objective is to distribute 40–60% of the net operating income in dividends to the shareholders.

	2013	2012
Interest-bearing liabilities	**558.3**	664.7
Cash and cash equivalents	**102.0**	132.7
Interest-bearing net liabilities	**456.3**	532.0
Equity	**1,125.5**	1,260.6
Total assets	**2,211.0**	2,462.3
Gearing	**41%**	42%
Equity ratio	**51%**	51%

CASH AND CASH EQUIVALENTS

	2013		2012	
	Book value	Fair value	Book value	Fair value
Cash and cash equivalents	**87.6**	**87.6**	90.7	90.7
Money market investments	**14.4**	**14.4**	34.9	34.9
Investments for the interest funds	**–**	**–**	7.1	7.1
Total	**102.0**	**102.0**	132.7	132.7

Money market investments are short-term. Fair value of investment for interest funds are based on valuation received from contracting parties.

NON-CURRENT INTEREST-BEARING LOANS AND AMORTIZATIONS OF NON-CURRENT INTEREST-BEARING LOANS

Currency

	Dec 31, 2013		Maturity					
	Fair value	Book value	2014	2015	2016	2017	2018	2019–
EUR	**195.1**	**190.5**	25.8	76.4	24.3	24.3	16.5	23.2
USD	**136.3**	**135.9**	32.3	10.3	8.9	33.0	51.4	0.0
Other	**10.0**	**10.0**	0.2	6.8	–	3.0	–	–
Total	**341.4**	**336.4**	58.3	93.5	33.2	60.3	67.9	23.2

Currency

	Dec 31, 2012		Maturity					
	Fair value	Book value	2013	2014	2015	2016	2017	2018–
EUR	227.5	219.1	12.2	24.2	78.8	24.6	24.6	54.7
USD	185.1	186.4	51.4	32.3	10.7	8.9	32.2	50.9
Other	46.5	45.6	–	–	22.7	–	–	22.9
Total	459.1	451.1	63.6	56.5	112.2	33.5	56.8	128.5

The figures include the amortizations planned for 2014 (2013) excluding commercial papers, finance lease liabilities and other current loans.

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CASH FLOW FROM ALL FINANCIAL LIABILITIES

Loan type

	Dec 31, 2013		Maturity					
	Drawn	Undrawn	2014	2015	2016	2017	2018	2019–
Long-term interest bearing liabilities	336.4		58.3	93.5	33.2	60.3	67.9	23.2
financial expenses			0.9	1.4	0.5	0.9	1.0	0.3
Revolving credit facility	–	400.0						
financial expenses								
Finance lease liabilities	2.7		0.9	0.3	0.3	0.3	0.2	0.7
financial expenses			0.1					
Commercial paper program	163.8	436.2	163.8					
financial expenses			1.0					
Other interest-bearing current loans	55.4		55.4					
financial expenses			0.8					
Interest-bearing loans total	558.3	836.2	281.2	95.2	34.0	61.5	69.1	24.2
Trade payables	143.3							
Forward contracts								
liabilities	604.8		604.8					
assets	–605.5		–605.5					
Other derivatives[1]	11.4		4.8	3.2	2.8	0.4	0.2	
Trade payables and derivatives total	154.0		4.1	3.2	2.8	0.4	0.2	
Total	712.3	836.2	285.3	98.4	36.8	61.9	69.3	24.2
Guarantees			3.1					

Loan type

	Dec 31, 2012		Maturity					
	Drawn	Undrawn	2013	2014	2015	2016	2017	2018–
Long-term interest bearing liabilities	451.1		63.6	56.5	112.2	33.5	56.8	128.5
financial expenses			1.0	0.9	1.8	0.5	0.9	2.1
Revolving credit facility	–	300.0						
financial expenses								
Finance lease liabilities	1.1							
financial expenses			0.1					
Commercial paper program	193.6	406.4	193.6					
financial expenses			0.8					
Other interest-bearing current loans	18.9		18.9					
financial expenses			0.5					
Interest-bearing loans total	664.7	706.4	278.5	57.4	114.0	34.0	57.7	130.6
Trade payables	157.6							
Forward contracts								
liabilities	611.2		611.2					
assets	–612.9		–612.9					
Other derivatives [1]	13.0		4.6	2.7	2.7	2.8	0.2	
Trade payables and derivatives total	168.9		2.9	2.7	2.7	2.8	0.2	
Total	833.6	706.4	281.4	60.1	116.7	36.8	57.9	130.6
Guarantees			2.7					

[1] Interest rate swaps and electricity forwards.

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30. COMMITMENTS AND CONTINGENT LIABILITIES

	2013	2012
LOANS SECURED BY MORTGAGES IN THE BALANCE SHEET AND FOR WHICH MORTGAGES ARE GIVEN AS COLLATERAL		
Mortgages given	0.0	0.5
CONTINGENT LIABILITIES		
Assets pledged		
On behalf of own commitments	6.4	6.6
Guarantees		
On behalf of own commitments	50.4	52.9
On behalf of associates	0.0	0.7
On behalf of others	3.1	3.0
Operating lease commitments - the Group as lessee		
Minimum lease payments under operating leases are as follows:		
No later than 1 year	26.4	29.0
Later than 1 year and no later than 5 years	63.3	63.2
Later than 5 years	76.6	69.2
Total	166.3	161.4
Other obligations		
On behalf of own commitments	1.6	1.3
On behalf of associates	0.7	1.0

THE MOST SIGNIFICANT OFF-BALANCE SHEET INVESTMENTS COMMITMENTS

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2013 were about EUR 12.3 million (EUR 21.6 million) for plant investment in China and Europe.

LITIGATION

On August 19, 2009, Kemira Oyj received a summons stating that Cartel Damage Claims Hydrogen Peroxide SA (CDC) had filed an action against six hydrogen peroxide manufacturers, including Kemira, for violations of competition law applicable to the hydrogen peroxide business. In its claim, Cartel Damage Claims Hydrogen Peroxide SA seeks an order from the Regional Court of Dortmund in Germany to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demands that the defendants, including Kemira, are jointly and severally ordered to pay damages together with accrued interest on the basis of such decision.

Cartel Damage Claims Hydrogen Peroxide SA has stated that it will specify the amount of the damages at a later stage after the full copy of the decision of the European Commission has been obtained by it. In order to provide initial guidance as to the amount of such damages, Cartel Damage Claims Hydrogen Peroxide SA presents in its claim a preliminary calculation of the alleged overcharge having been paid to the defendants as a result of the violation of the applicable competition rules by the parties which have assigned and sold their claim to Cartel Damage Claims Hydrogen Peroxide SA. In the original summons such alleged overcharge, together with accrued interest until December 31, 2008, was stated to be EUR 641.3 million.

Thereafter Cartel Damage Claims Hydrogen Peroxide SA has delivered to the attorneys of the defendants an April 14, 2011 dated brief addressed to the court and an expert opinion. In the said brief the minimum damage including accrued interest until December 31, 2010, based on the expert opinion, is stated to be EUR 475.6 million. It is further stated in the brief that the damages analysis of the expert does not include lost profit.

The process is currently pending in the Regional Court of Dortmund, Germany. It has on April 29, 2013 decided to suspend the case and to ask a preliminary ruling on jurisdiction from the Court of Justice of the European Union. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj has additionally been served on April 28, 2011 a summons stating that Cartel Damage Claims

Hydrogen Peroxide SA has filed an application for summons in the municipal court of Helsinki on April 20, 2011 for violations of competition law applicable to the hydrogen peroxide business claiming from Kemira Oyj as maximum compensation EUR 78.0 million as well as overdue interest starting from November 10, 2008 as litigation expenses with overdue interest. The referred violations of competition law are the same as those on basis of which CDC has taken legal action in Germany in Dortmund. The municipal court has on July 4, 2013 made a decision which can not be appealed separately. In its decision the municipal court considers to have jurisdiction and that the claims made by the claimant are at least not totally time-barred. The next phase of the case is the consideration of the principal claim at the municipal court. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has on June 9, 2011 received documents where it is stated that CDC Project 13 SA was filed an action against four companies in municipal court of Amsterdam, including Kemira, asking damages for violations of competition law applicable to the sodium chlorate business. The European Commission set on June 2008 a fine of EUR 10.15 million on Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994–2000. Kemira Oyj acquired Finnish Chemicals in 2005. Next the municipal court of Amsterdam will decide in respect to its jurisdiction. Kemira defends against the claim of CDC Project 13 SA.

Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the processes started by Cartel Damage Claims Hydrogen Peroxide SA and CDC Project 13 SA. No assurance can be given as to the outcome of the processes, and unfavorable judgments against Kemira could have a material adverse effect on Kemira's business, financial condition or results of operations. Due to its extensive international operations the Group, in addition to the above referred claims, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position.

31. ENVIRONMENTAL RISKS AND LIABILITIES

The bulk of Kemira's business is in the chemical industry, products and operations of which are governed by numerous international agreements and regional and national legislation all over the world. The Group treats its environmental liabilities and risks in the consolidated financial statements in accordance with IFRS and observes the established internal environmental principles and procedures. Divestments and acquisitions changed the Group's environmental liabilities. Provisions for environmental remediation totaled EUR 22.2 million (EUR 19.7 million). The increase is mainly explained by additional clean-up work required by the authorities. The biggest provisions relate to the waste piling area in Pori, site closures and the limited reconditioning of the sediment of a lake adjacent to the Vaasa plant.

EMISSION ALLOWANCES

The Group holds assigned emissions allowances under the EU Emissions Trading System at one site in Sweden and one in Finland. At Group level, the allowances showed a net surplus of 59,393 tons (a net deficit of 29,139 tons in 2012).

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32. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party, or exercise significant influence, or exercise joint control in making financial and operating decisions. The Group's related parties include the parent company, subsidiaries, associates, joint-ventures and the Pension Fund Neliapila. Related parties also include the members of the Board of Directors and the Group's Management Boards, the CEO and his deputy and their immediate family members.

EMPLOYEE BENEFITS OF CEO, DEPUTY CEO AND MEMBER OF KEY MANAGEMENT

	Wages, salaries and other benefits, EUR	Bonuses, EUR	Share–based payments, EUR	2013	2012
CEO Wolfgang Büchele (since April 1, 2012)	744,486	220,080		**964,566**	655,605
CEO Harri Kerminen (until March 31, 2012)					506,637
Deputy CEO Jyrki Mäki-Kala (until May 5, 2013)	99,616	41,733		**141,349**	273,265
Deputy CEO Jukka Hakkila (since May 6, 2013)	119,779	41,778		**161,557**	–
Other members of key management	2,170,117	302,450		**2,472,567**	2,098,535

Share-based incentive plans for the key management are disclosed in Note 5.

MANAGEMENT'S PENSION COMMITMENTS AND TERMINATION BENEFITS

Wolfgang Büchele is Kemira Oyj's CEO. He will leave the position of CEO on April 30, 2014. On January 7, 2014, Jari Rosendal was appointed as Kemira Oyj's CEO as of May 1, 2014. Former deputy CEO Jyrki Mäki-Kala joined another company from May 5, 2013. Jukka Hakkila was appointed as deputy CEO from May 6, 2013.

CEO Wolfgang Büchele belongs to the Finnish Employees' Pension Act (TyEL) scheme, which provides pension security based on the years of service and earnings as stipulated by law. CEO's retirement age is 63. CEO does not have a supplementary pension arrangement.

CEO's notice period is 12 months, applying to both sides. In addition to the salary of the notice period, CEO is not entitled to a separate severance pay.

THE BOARD OF DIRECTORS' EMOLUMENTS

The Annual General Meeting decided on March 26, 2013, that the annual fee for the Board of Directors 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 company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% is paid in cash. According to the decision, the shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report January 1–March 31, 2013.

The meeting fees paid in cash and travel expenses are paid according to Kemira's travel policy.

MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares	Share value, EUR	Cash compensation, EUR	2013 Total, EUR	2012 Total, EUR
Jukka Viinanen, Chairman (since March 21, 2012)	2,556	29,829	55,094	**84,923**	83,142
Pekka Paasikivi, Chairman (until March 21, 2012)					2,400
Jari Paasikivi, Vice Chairman (since March 21, 2012)	1,554	18,135	41,575	**59,710**	54,321
Elizabeth Armstrong (until March 26, 2013)			7,200	**7,200**	74,177
Wolfgang Büchele (until March 21, 2012)					3,600
Winnie Fok	1,244	14,517	52,450	**66,967**	66,977
Juha Laaksonen	1,554	18,135	38,575	**56,710**	46,577
Kerttu Tuomas	1,244	14,517	32,650	**47,167**	44,177

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TRANSACTIONS CARRIED OUT WITH RELATED PARTIES

	2013	2012
Sales		
Associated companies	2.3	44.0
Purchases		
Associated companies	2.6	5.5
Pension Fund Neliapila	1.1	1.1
Total	3.7	6.6
Receivables		
Associated companies	0.2	0.1
Liabilities		
Associated companies	0.3	0.5
Pension Fund Neliapila	0.0	0.3
Total	0.3	0.8

The amount of contingent liabilities on behalf of associates are presented in Note 30.

Related parties include the Pension Fund Neliapila, which is a separate legal entity. Pension Fund Neliapila manages Kemira Oyj's voluntarily organized additional pension fund. Pension Fund Neliapila manages part of the pension assets of the Group's personnel in Finland. The assets include Kemira shares representing 0.08% of the company's outstanding shares.

No loans had been granted to the management at year-end of 2012 and 2013, nor were there contingency items or commitments on behalf of key management personnel.

33. CHANGES IN THE GROUP STRUCTURE

ACQUISITIONS OF GROUP COMPANIES AND NEW SUBSIDIARIES THAT HAVE BEEN FOUNDED

- Kemira established a new company Kemira Gdańsk Sp. z.o.o. in Poland on January 15, 2013.
- Kemira established a new company Kemira Chemicals Germany GmbH in Germany on March 28, 2013.
- Kemira established a new company Kemira (Asia) Co., Ltd. in China on August 16, 2013.
- Kemira aquired Kemira 3F Chimica S.p.A., Kemira Italy S.p.A. and 3F Chimica Deutschland GmbH on October 1, 2013.
- Kemira established a new company Suomen Muurahaishappo Oy in Finland on December 16, 2013.

DIVESTMENTS OF GROUP COMPANIES

- Kemira ChemSolutions B.V. was sold on March 1, 2013.
- Kemira Polar A/S was sold on August 31, 2013.
- SC Kemwater Cristal SRL was sold on September 1, 2013.
- Kemira Teesport Limited was dissolved on December 10, 2013.
- Nheel Quimica Ltda was sold on December 10, 2013.

CHANGES IN THE HOLDINGS OF GROUP COMPANIES WITHIN THE GROUP

- Kemira Oyj sold its 100% ownership in Kemira Chimica Srl to Kemira Europe Oy on September 24, 2013.
- Kemira Europe Oy transferred its Kemira 3F Chimica S.p.A. shares to Kemira Chimica Srl on October 15, 2013.
- Kemira 3F Chimica S.p.A sold its 100% ownership in 3F Chimica Deutschland GmbH to Kemira Chemicals Germany GmbH on December 4, 2013.

NAME CHANGES

Former name	New name
Kemira Chemicals S.A./N.V.	Kemira Chemicals NV
Spruce Vakuutus Oy	Ruoholahden Kuusenkerkkä Oy

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34. THE GROUP'S SUBSIDIARIES

	Kemira Group's Holding %	City	Country
Kemira Oyj		Helsinki	Finland
3F Chimica Deutschland GmbH	100.00	Neumarkt in der Oberpflaz	Germany
Aliada Quimica de Portugal Lda.	50.10	Estarreja	Portugal
AS Kemivesi	100.00	Tallinn	Estonia
Chesapeake Agro-Iron, LLC	100.00	Atlanta, GA	United States
Clean Water Logistics, LLC	100.00	Atlanta, GA	United States
Corporación Kemira Chemicals de Venezuela, C.A.	100.00	Caracas	Venezuela
Finnchem Canada Inc.	100.00	Ontario	Canada
Finnchem USA, Inc.	100.00	Delaware	United States
Finnish Chemicals Corporation	100.00	Delaware	United States
HTC Augusta Inc.	100.00	Delaware	United States
Industry Park i Helsingborg Förvaltning AB	100.00	Helsingborg	Sweden
Kemifloc a.s.	51.00	Prerov	Czech Republic
Kemifloc Slovakia S.r.o.	51.00	Sol	Slovakia
Kemipol Sp. z o.o.	51.00	Police	Poland
Kemira (Asia) Co., Ltd.	100.00	Shanghai	China
Kemira 3F Chimica S.p.A.	100.00	Sandrigo	Italy
Kemira Argentina S.A.	100.00	Buenos Aires	Argentina
Kemira Asia Pacific Pte. Ltd.	100.00	Singapore	Singapore
Kemira Cell sp.z.o.o	55.00	Ostroleka	Poland
Kemira Chemicals (Nanjing) Co. Ltd.	100.00	Nanjing	China
Kemira Chemicals (Shanghai) Co. Ltd.	100.00	Shanghai	China
Kemira Chemicals (UK) Ltd	100.00	Harrogate	United Kingdom
Kemira Chemicals (Yanzhou) Co., Ltd .	100.00	Yanzhou City	China
Kemira Chemicals AS	100.00	Gamle Fredrikstad	Norway
Kemira Chemicals Brasil Ltda	100.00	São Paulo	Brazil
Kemira Chemicals Canada Inc.	100.00	Maitland	Canada
Kemira Chemicals Germany GmbH	100.00	Frankfurt am Main	Germany
Kemira Chemicals India Private Limited	99.99	Hyderabad	India
Kemira Chemicals NV	100.00	Aartselaar	Belgium
Kemira Chemicals Oy	100.00	Helsinki	Finland
Kemira Chemicals, Inc.	100.00	Atlanta, GA	United States
Kemira Chemie Ges.mbH	100.00	Krems	Austria
Kemira Chile Comercial Limitada	100.00	Santiago	Chile
Kemira Chimica Srl	100.00	Milan	Italy
Kemira Chimie S.A.S.U.	100.00	Lauterbourg	France
Kemira de México, S.A. de C.V.	100.00	Tlaxcala	Mexico
Kemira Europe Oy	100.00	Helsinki	Finland
Kemira Finance Solutions B.V.	100.00	Rotterdam	Netherlands
Kemira France SAS	100.00	Lauterbourg	France
Kemira Gdańsk Sp. z o.o.	100.00	Gdansk	Poland
Kemira Germany GmbH	100.00	Leverkusen	Germany
Kemira Germany Sales GmbH	100.00	Leverkusen	Germany
Kemira GrowHow A/S	100.00	Fredericia	Denmark
Kemira Hong Kong Company Limited	100.00	Hong Kong	China
Kemira Ibérica S.A.	100.00	Barcelona	Spain
Kemira Ibérica Sales and Marketing S.L.	100.00	Barcelona	Spain

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Kemira Oyj	Kemira Group's Holding %	City	Country
Kemira Indus Limited	51.00	Hyderabad	India
Kemira International Finance B.V.	100.00	Rotterdam	Netherlands
Kemira Italy S.p.A.	100.00	San Giorgio di Nogaro	Italy
Kemira Kemi AB	100.00	Helsingborg	Sweden
Kemira Kopparverket KB	100.00	Helsingborg	Sweden
Kemira Korea Corporation	100.00	Seoul	South-Korea
Kemira KTM d.o.o.	100.00	Ljubljana	Slovenia
Kemira Logistics, Inc.	100.00	Atlanta, GA	United States
Kemira Nederland Holding B.V.	100.00	Rotterdam	Netherlands
Kemira New Chemicals Inc.	100.00	Savannah, GA	United States
Kemira Operon Oy	100.00	Helsinki	Finland
Kemira Rotterdam B.V.	100.00	Rotterdam	Netherlands
Kemira South Africa (Pty) Ltd	100.00	Weltevredenpark	South Africa
Kemira Specialty Chemicals, Inc.	100.00	Atlanta, GA	United States
Kemira Świecie Sp. z o.o.	100.00	Swiecie	Poland
Kemira Taiwan Corporation	100.00	Taipei	Taiwan
Kemira Uruguay S.A.	100.00	Montevideo	Uruguay
Kemira Water Danmark A/S	100.00	Esbjerg	Denmark
Kemira Water Solutions Brasil -Produtos para tratamento de agua Ltda.	100.00	São Paulo	Brazil
Kemira Water Solutions Canada Inc.	100.00	Varennes Qs	Canada
Kemira Water Solutions, Inc.	100.00	Atlanta, GA	United States
Kemwater Brasil S.A.	100.00	Camaçari	Brazil
Kemwater ProChemie s.r.o.	95.10	Bakov nad Jizerou	Czech Republic
LA Water, LLC	100.00	Atlanta, GA	United States
PT Kemira Indonesia	100.00	Jakarta	Indonesia
Riverside Development Partners, LLC	100.00	Atlanta, GA	United States
Ruoholahden Kuusenkerkkä Oy	100.00	Helsinki	Finland
Scandinavian Tanking System A/S	100.00	Copenhagen	Denmark
Suomen Muurahaishappo Oy	100.00	Helsinki	Finland
Water Elements Las Vegas, LLC	100.00	Atlanta, GA	United States
Water Elements, LLC	100.00	Atlanta, GA	United States
ZAO "Kemira HIM"	100.00	St. Petersburg	Russia
ZAO Kemira Eko	100.00	St. Petersburg	Russia

35. EVENTS AFTER THE BALANCE SHEET DATE

Kemira sold its distribution of hydrochloric acid, sulfuric acid and sodium hydroxide (caustic soda) in Denmark to Brenntag Group. The deal included the distribution business and certain assets in Copenhagen. The distribution business was part of Kemira's Municipal & Industrial segment. The transaction has been completed during the first quarter of 2014.

On January 7, 2014, Kemira Board of Directors appointed Jari Rosendal as Kemira Oyj´s President and Chief Executive Officer as of May 1, 2014.

Kemira 2013 Consolidated Financial Statements • Income Statement (EUR million)

Income Statement (FAS)

		Year ended 31 December	
	Note	2013	2012
Revenue	2	**1,382,093,042.77**	1,356,011,965.24
Change in inventories of finished goods	4	**5,360,719.99**	14,276,924.76
Other operating income	3	**26,077,105.50**	13,863,720.94
Materials and services	4	**−937,879,560.52**	−931,863,961.91
Personnel expenses	5	**−47,129,227.77**	−49,839,739.00
Amortization and impairments	6	**−34,130,718.97**	−29,881,605.41
Other operating expenses	4	**−404,735,455.50**	−410,793,314.02
Operating profit/loss		**−10,344,094.50**	−38,226,009.40
Financial income and expenses	7	**147,046,343.79**	86,898,894.14
Profit/loss before extraordinary items		**136,702,249.29**	48,672,884.74
Extraordinary items	8	**10,760,000.00**	12,071,000.00
Profit/loss before appropriations and taxes		**147,462,249.29**	60,743,884.74
Appropriations	6	**−474,630.03**	1,790,382.73
Income tax	9	**−5,809,899.08**	6,145,810.39
Net profit/loss		**141,177,720.18**	68,680,077.86

Kemira 2013 Consolidated Financial Statements • Balance Sheet (EUR million)

Balance Sheet (FAS)

	Note	Year ended 31 December 2013	2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**100,964,301.36**	114,097,259.02
Property, plant and equipment	11	**27,739,469.56**	24,020,440.42
Investments	12		
Holdings in subsidiaries		**1,521,871,906.66**	1,582,549,112.46
Holdings in associates		**0.00**	98,987,988.91
Other shares and holdings		**140,284,625.87**	136,249,905.46
Total investments		**1,662,156,532.53**	1,817,787,006.83
Total non-current assets		**1,790,860,303.45**	1,955,904,706.27
CURRENT ASSETS			
Inventories	13	**79,273,543.06**	88,228,906.08
Non-current receivables	14	**157,196,898.40**	143,711,805.66
Current receivables	14	**322,047,359.83**	276,741,222.50
Money market investments - cash equivalents	15	**2,785,859.04**	19,761,023.23
Cash and cash equivalents		**114,914,629.36**	39,602,156.70
Total current assets		**676,218,289.69**	568,045,114.17
Total assets		**2,467,078,593.14**	2,523,949,820.44

	Note	31.12.2013	31.12.2012
EQUITY AND LIABILITIES			
EQUITY	16		
Share capital		**221,761,727.69**	221,761,727.69
Share premium		**257,877,731.94**	257,877,731.94
Fair value reserve		**–5,079,068.12**	–2,282,814.00
Reserve for unrestricted capital invested		**199,963,876.20**	199,963,876.20
Retained earnings		**340,837,348.99**	352,690,300.41
Net profit/ loss for the financial year		**141,177,720.18**	68,680,077.86
Total equity		**1,156,539,336.88**	1,098,690,900.10
Appropriations	17	**11,319,859.13**	10,845,229.10
Obligatory provisions	18	**26,006,246.27**	17,246,839.53
LIABILITIES			
Non-current liabilities	19	**290,130,674.23**	325,376,340.60
Current liabilities	20	**983,082,476.63**	1,071,790,511.11
Total liabilities		**1,273,213,150.86**	1,397,166,851.71
Total equity and liabilities		**2,467,078,593.14**	2,523,949,820.44

Kemira 2013 Consolidated Financial Statements • Cash Flow Statement (EUR million)

Cash Flow Statement (FAS)

	Year ended 31 December	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating result	**141,177,720.18**	68,680,077.86
Adjustments to operating result		
Depreciation, amortization and impairment	**34,130,718.97**	29,881,605.41
Income taxes	**5,809,899.08**	–6,145,810.39
Finance expenses, net	**–147,046,343.79**	–86,898,894.14
Other non-cash income and expenses not involving cash flow	**63,701,307.67**	–49,960,750.36
Operating profit before change in working capital	**97,773,302.11**	–44,443,771.62
Change in working capital		
Increase (–) / decrease (+) in inventories	**8,955,363.02**	16,924,532.63
Increase (–) / decrease (+) in trade and other receivables	**–47,197,356.58**	103,915,855.57
Increase (+) / decrease (–) in trade payables and other liabilities	**–5,033,556.25**	37,050,721.40
Change in working capital	**–43,275,549.81**	157,891,109.60
Cash generated from operations	**54,497,752.30**	113,447,337.98
Interest and other finance cost paid	**–47,766,225.86**	–33,074,989.98
Interest and other finance income received	**11,609,335.19**	18,093,852.07
Realized exchange gains and losses	**8,679,990.78**	8,931,950.42
Dividends received	**228,906,770.99**	136,551,879.14
Income taxes paid	**–2,473,464.65**	–3,279.65
Net cash generated from operating activities	**253,454,158.75**	243,946,749.98
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of subsidiaries	**–24,218,481.57**	–7,847,070.15
Acquisitions of associated companies, and other shares	**–4,084,808.00**	–401,356.55
Purchase of intangible assets	**–16,146,329.32**	–7,773,477.18
Purchase of other plant, property and equipment	**–8,107,154.15**	–4,511,370.28
Proceeds from sale of subsidiaries and other shares	**100,034,117.62**	26,832,000.00
Proceeds from sale of other plant, property and equipment and intangible assets	**3,245,955.74**	3,789.64
Change in loan receivables, net increase (–) / decrease (+)	**–13,485,092.74**	–28,371,943.60
Net cash used in investing activities	**37,238,207.58**	–22,069,428.12
Cash flow before financing	**290,692,366.33**	221,877,321.86
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current interest-bearing liabilities (+)	**0.00**	70,185,247.34
Repayment from non-current interest-bearing liabilities (–)	**–35,245,666.37**	–25,407,302.63
Short-term financing, net increase (+) / decrease (–)	**–131,411,404.02**	–240,482,574.61
Dividends paid	**–80,577,701.47**	–80,575,845.00
Received group contribution	**12,071,000.00**	68,194,000.00
Net cash used in financing activities	**–235,163,771.86**	–208,086,474.90
Net increase (+) / decrease (–) in cash and cash equivalents	**55,528,594.47**	13,790,846.96
Cash and cash equivalents at 1 Jan	**59,363,179.93**	48,947,678.11
Exchange gains (+) / losses (–) on cash and cash equivalents	**2,808,714.00**	–3,375,345.14
Cash and cash equivalents at 31 Dec	**117,700,488.40**	59,363,179.93
Net increase (+) / decrease (–) in cash and cash equivalents	**55,528,594.47**	13,790,846.96

Notes to Kemira Oyj Financial Statements

1. THE PARENT COMPANY'S ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

The parent company's financial statements have been prepared in compliance with the relevant acts and regulations in force in Finland (FAS). Kemira Group's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and the parent company observes the Group's accounting policies according to FAS whenever it has been possible. Below are presented mainly the accounting policies in which the practice differs from the Group's accounting policies. In other respects the Group's accounting policies are observed.

PENSION ARRENGEMENTS

The company's pension liabilities are treated as a part of the pension insurance company and as a part of Kemira's own pension foundation. Contributions are based on periodic actuarial calculations and are recognized in the income statement.

SHARE-BASED INCENTIVE SCHEME FOR THE PERSONNEL

The treatment of share-based schemes is described in the Group's accounting policies. In the parent company, share-based payments are recognized as an expense in the amounts of the payments to be made.

EXTRAORDINARY INCOME AND EXPENSES

Extraordinary income and expenses consist of the Group contributions received and given, which are eliminated at the Group level.

INCOME TAXES

The Group's accounting policies are applied to income taxes and deferred tax assets and liabilities as permitted under Finnish GAAP. Deferred tax liability for the depreciation difference is stated in the notes to financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group's accounting policies are applied to property, plant and equipment, and intangible assets.

LEASE

All leasing payments are treated as rental expenses.

FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVE CONTRACTS

All financial assets (including shares) and liabilities are recognized at their acquisition value or their acquisition value less write-downs, with the exception of derivative instruments, which are measured at their fair value.

Changes in the value of the financial assets and liabilities, including derivatives, are booked as a credit or charge into income statement under financial income and expenses, with the exception of other derivatives used for hedging purposes the efficient part of which is booked to fair value reserve. Inefficient part of other derivative instruments used for hedging purposes is booked as a profit or loss into the income statement.

The valuation methods of derivative instruments are described in the Group's accounting policies and in Note 28 in the Consolidated Financial Statements.

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

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2. REVENUE

	2013	2012
Revenue by business segment		
Paper	**547,930,248.07**	539,485,880.77
Municipal & Industrial	**280,962,837.77**	279,496,231.01
Oil & Mining	**103,017,122.15**	116,137,988.61
ChemSolutions	**172,294,587.98**	180,677,521.29
Intercompany revenue	**242,908,678.23**	210,616,316.13
Other revenue	**34,979,568.57**	29,598,027.43
Total	**1,382,093,042.77**	1,356,011,965.24
Distribution of revenue by geographical segments as a percentage of total revenue		
Finland	**28**	27
Other EU countries	**53**	53
Other European countries	**11**	10
North and South America	**2**	3
Asia	**4**	4
Other countries	**2**	3
Total	**100**	100

3. OTHER OPERATING INCOME

	2013	2012
Gain on the sale of property, plant and equipment	**3,245,955.74**	3,789.64
Rent income	**1,586,042.33**	1,490,200.77
Intercompany service charges	**7,113,950.16**	6,166,563.57
Other income from operations	**14,131,157.27**	6,203,166.96
Total	**26,077,105.50**	13,863,720.94

4. COSTS

	2013	2012
Change in inventories of finished goods	**–5,360,719.99**	–14,276,924.76
Materials and services		
Materials and supplies		
Purchases during the financial year	**929,728,984.13**	930,463,416.50
Change in inventories of materials and supplies	**–1,213,163.11**	–5,458,408.00
External services	**9,363,739.50**	6,858,953.41
Total materials and services	**937,879,560.52**	931,863,961.91
Personnel expenses	**47,129,227.77**	49,839,739.00
Other operating expenses		
Rents	**11,467,557.76**	12,378,276.17
Intercompany tolling manufacturing charges	**187,320,563.39**	211,559,739.65
Intercompany service charges and royalties	**119,731,979.36**	125,960,698.47
Other expenses	**86,215,354.99**	60,894,599.73
Total other operating expenses	**404,735,455.50**	410,793,314.02
Total costs	**1,384,383,523.80**	1,378,220,090.17

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

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DELOITTE & TOUCHE OY'S FEES AND SERVICES

	2013	2012
Audit fees	**418,055.00**	345,150.22
Tax services	**0.00**	0.00
Other services	**1,094,508.00**	24,900.00

Other services include fees related mainly to the 3F acquisition.

In 2013 the costs included a net increase in obligatory provisions of EUR 8.8 million (personnel expenses EUR +2.6 million, rents EUR –0.4 million and other expenses EUR +6.6 million), and in 2012, the costs included a net decrease in obligatory provisions of EUR –1.5 million (personnel expenses EUR +1.3 million, rents EUR –0.5 million and other expenses EUR –2.3 million).

5. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2013	2012
Emoluments of the Board of Directors, the CEO and his deputies [1)]	**1,590,150.01**	1,810,879.92
Other wages and salaries	**36,922,727.53**	38,563,130.26
Pension expenses	**6,452,577.08**	7,126,735.71
Other personnel expenses	**2,163,773.15**	2,338,993.11
Total	**47,129,227.77**	49,839,739.00

[1)] The emolument of Kemira Oyj's CEOs was EUR 964,566 (1,162,242) including bonuses of EUR 220,080 (136,634). The emolument of Kemira Oyj's deputies CEO was EUR 302,906 (273,265) including bonuses of EUR 83,511 (29,186).

Other transactions between related parties are presented in Note 32 in the notes to the Consolidated Financial Statements.

	2013	2012
Personnel at 31 Dec		
Paper	**76**	93
Municipal & Industrial	**27**	32
Oil & Mining	**7**	9
ChemSolutions	**19**	9
Other, of which	**404**	460
R&D and Technology	**165**	217
Total	**533**	603
Personnel, average	**561**	629

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

	2013	2012
Depreciation according to plan and impairments		
Intangible assets		
Amortization of intangible rights	3,626,816.73	3,051,439.11
Impairment of intangible rights	9,012.11	0.00
Amortization of other intangible assets	25,643,458.14	21,518,542.18
Property, plant and equipment		
Depreciation of buildings and constructions	607,731.69	754,107.63
Impairment of buildings and constructions	186,724.30	18,896.20
Depreciation of machinery and equipment	4,012,473.88	4,509,623.73
Impairment of machinery and equipment	25,024.00	0.00
Depreciation of other property, plant and equipment	19,478.12	28,996.56
Total	34,130,718.97	29,881,605.41
Change in difference between scheduled and actual depreciation (+ increase/ – decrease)		
Intangible rights	–325,625.61	–93,177.77
Other intangible assets	1,616,655.07	–208,836.86
Buildings and constructions	–261,802.02	–145,954.94
Machinery and equipment	–549,516.50	–1,349,383.54
Other property, plant and equipment	–5,080.91	6,970.38
Total	474,630.03	–1,790,382.73

7. FINANCE INCOME AND EXPENSES

	2013	2012
Dividend income		
Dividend income from the Group companies	228,752,265.99	120,979,952.39
Dividend income from others	154,505.00	15,571,926.75
Total dividend income	228,906,770.99	136,551,879.14
Interest income		
Interest income from the Group companies	7,423,847.20	6,572,995.70
Interest income from others	3,202,488.25	4,888,081.91
Total interest income	10,626,335.45	11,461,077.61
Interest expenses		
Interest expenses to the Group companies	–3,380,959.23	–10,258,353.97
Interest expenses to others	–9,994,736.75	–17,868,764.54
Total interest expenses	–13,375,695.98	–28,127,118.51
Other finance income		
Other finance income from the Group companies	402,780.49	499,824.28
Total other finance income	402,780.49	499,824.28
Other finance expenses		
Other finance expenses from the Group companies	–80,190,383.53	–29,649,718.48
Other finance expenses from others	–1,937,072.14	–4,448,744.30
Total other finance expenses	–82,127,455.67	–34,098,462.78

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

Exchange gains		
Exchange gains from the Group companies	**–17,242,373.28**	–17,745,895.59
Exchange gains from others	**19,855,981.79**	18,357,589.99
Total exchange gains	**2,613,608.51**	611,694.40
Total finance income and expenses	**147,046,343.79**	86,898,894.14
Exchange gains and losses		
Realized	**8,679,990.78**	8,931,950.42
Unrealized	**–6,066,382.27**	–8,320,256.02
Total	**2,613,608.51**	611,694.40

In 2013 other finance expenses from the Group companies include impairment of subsidiary shares of EUR 80.2 million (EUR 29.6 million).

8. EXTRAORDINARY ITEMS

	2013	2012
Extraordinary income		
Group contributions received	**10,760,000.00**	12,071,000.00
Total	**10,760,000.00**	12,071,000.00
Total extraordinary income and expenses	**10,760,000.00**	12,071,000.00

9. INCOME TAXES

	2013	2012
(income +, expense –)		
Income taxes, current year	**–2,471,764.65**	0.00
Income taxes, previous years	**–1,700.00**	0.00
Deferred taxes	**–3,336,434.43**	6,149,090.04
Other taxes	**0.00**	–3,279.65
Total	**–5,809,899.08**	6,145,810.39

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

10. INTANGIBLE ASSETS

2013	Intangible rights	Goodwill	Prepayments	Other intangible assets	Total
Acquisition cost at 1 Jan	30,537,920.84	6,181,419.27	4,251,126.95	178,649,425.58	**219,619,892.64**
Additions	3,414,234.85		3,051,448.43	9,729,646.04	**16,195,329.32**
Decreases	–10,447.04				**–10,447.04**
Business transfers	429,227.56		–522,436.11	44,208.55	**–49,000.00**
Acquisition cost at 31 Dec	34,370,936.21	6,181,419.27	6,780,139.27	188,423,280.17	**235,755,774.92**
Accumulated amortization at 1 Jan	–12,668,787.53	–6,181,419.27	0.00	–86,672,426.82	**–105,522,633.62**
Accumulated amortization relating to decreases and transfers	10,447.04				**10,447.04**
Amortization and impairments during the financial year	–3,635,828.84			–25,643,458.14	**–29,279,286.98**
Accumulated amortization at 31 Dec	–16,294,169.33	–6,181,419.27	0.00	–112,315,884.96	**–134,791,473.56**
Net book value at 31 Dec	18,076,766.88	0.00	6,780,139.27	76,107,395.21	**100,964,301.36**

2012	Intangible rights	Goodwill	Prepayments	Other intangible assets	Total
Acquisition cost at 1 Jan	23,300,954.22	6,181,419.27	5,873,997.26	178,219,638.70	213,576,009.45
Additions	3,932,446.32		3,626,790.94	152,313.98	7,711,551.24
Decreases	–41,819.50			–1,687,774.49	–1,729,593.99
Business transfers	3,346,339.80		–5,249,661.25	1,965,247.39	61,925.94
Acquisition cost at 31 Dec	30,537,920.84	6,181,419.27	4,251,126.95	178,649,425.58	219,619,892.64
Accumulated amortization at 1 Jan	–9,659,167.92	–6,181,419.27	0.0	–66,841,659.13	–82,682,246.32
Accumulated amortization relating to decreases and transfers	41,819.50			1,687,774.49	1,729,593.99
Amortization and impairments during the financial year	–3,051,439.11			–21,518,542.18	–24,569,981.29
Accumulated amortization at 31 Dec	–12,668,787.53	–6,181,419.27	0.00	–86,672,426.82	–105,522,633.62
Net book value at 31 Dec	17,869,133.31	0.00	4,251,126.95	91,976,998.76	114,097,259.02

11. PROPERTY, PLANT AND EQUIPMENT

2013	Land and water areas	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Advances paid and non–current assets under construction	Total
Acquisition cost at 1 Jan	413,551.22	25,381,555.82	81,336,516.45	567,573.82	1,229,873.83	**108,929,071.14**
Additions		197,728.67	3,720,230.10		4,705,746.62	**8,623,705.39**
Decreases	–56,344.04		–82,401.80			**–138,745.84**
Business transfers			1,278,873.83		–1,229,873.83	**49,000.00**
Acquisition cost at 31 Dec	357,207.18	25,579,284.49	86,253,218.58	567,573.82	4,705,746.62	**117,463,030.69**
Accumulated depreciation at 1 Jan	0.00	–18,080,821.82	–66,402,307.39	–425,501.51	0.00	**–84,908,630.72**
Accumulated depreciation relating to decreases and transfers			36,501.58			**36,501.58**
Depreciation and impairments during the financial year		–794,455.99	–4,037,497.88	–19,478.12		**–4,851,431.99**
Accumulated depreciation at 31 Dec	0.00	–18,875,277.81	–70,403,303.69	–444,979.63	0.00	**–89,723,561.13**
Net book value at 31 Dec	357,207.18	6,704,006.68	15,849,914.89	122,594.19	4,705,746.62	**27,739,469.56**

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

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2012	Land and water areas	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Advances paid and non–current assets under construction	Total
Acquisition cost at 1 Jan	413,551.22	25,283,177.47	79,526,422.45	581,216.34	2,777,194.76	108,581,562.24
Additions		25,307.10	3,721,356.62		1,229,873.83	4,976,537.55
Decreases			–4,553,460.20	–13,642.52		–4,567,102.72
Business transfers		73,071.25	2,642,197.58		–2,777,194.76	–61,925.93
Acquisition cost at 31 Dec	413,551.22	25,381,555.82	81,336,516.45	567,573.82	1,229,873.83	108,929,071.14
Accumulated depreciation at 1 Jan	0.00	–17,309,048.37	–66,037,882.44	–410,147.47	0.00	–83,757,078.28
Accumulated depreciation relating to decreases and transfers		1,230.38	4,145,198.78	13,642.52		4,160,071.68
Depreciation and impairments during the financial year		–773,003.83	–4,509,623.73	–28,996.56		–5,311,624.12
Accumulated depreciation at 31 Dec	0.00	–18,080,821.82	–66,402,307.39	–425,501.51	0.00	–84,908,630.72
Net book value at 31 Dec	413,551.22	7,300,734.00	14,934,209.06	142,072.31	1,229,873.83	24,020,440.42

12. INVESTMENTS

2013	**Group company shares**	**Investments in associated companies**	**Other shares**	**Total**
Book value at 1 Jan	1,582,549,112.46	98,987,988.91	136,249,905.46	**1,817,787,006.83**
Additions	24,218,481.57		4,084,808.00	**28,303,289.57**
Decreases and transfers	–4,705,303.84	–98,987,988.91	–50,087.59	**–103,743,380.34**
Impairments	–80,190,383.53			**–80,190,383.53**
Net book value at 31 Dec	1,521,871,906.66	0.00	140,284,625.87	**1,662,156,532.53**

2012	Group company shares	Investments in associated companies	Other shares	Total
Book value at 1 Jan	1,604,351,760.73	125,819,988.91	135,848,548.91	1,866,020,298.55
Additions	7,847,070.15		401,356.55	8,248,426.70
Decreases and transfers		–26,832,000.00		–26,832,000.00
Impairments	–29,649,718.42			–29,649,718.42
Net book value at 31 Dec	1,582,549,112.46	98,987,988.91	136,249,905.46	1,817,787,006.83

Kemira Oyj received a capital return of EUR 26.8 million from the associated company Sachtleben GmbH during 2012. Kemira Oyj sold the shares of associated company Sachtleben with a contract signed on February 14th, 2013.

Associated companies are disclosed in Note 8 in the Notes to the Consolidated Financial Statements..

13. INVENTORIES

	2013	2012
Raw materials and supplies	**20,193,863.06**	21,407,026.17
Finished goods	**56,425,446.65**	61,786,166.64
Prepayments	**2,654,233.35**	5,035,713.27
Total	**79,273,543.06**	88,228,906.08

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

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14. RECEIVABLES

	2013	2012
Non-current receivables		
Interest-bearing non-current receivables		
Loan receivables		
Loan receivables from the Group companies	**133,643,564.92**	118,138,575.97
Loan receivables from others	**350,000.00**	1,005,555.59
Other non-current investments	**2,294,308.65**	1,911,941.00
Total interest-bearing non-current receivables	**136,287,873.57**	121,056,072.56
Interest-free non-current receivables		
Deferred taxes	**20,909,024.83**	22,655,733.10
Total interest-free non-current receivables	**20,909,024.83**	22,655,733.10
Total non-current receivables	**157,196,898.40**	143,711,805.66
Current receivables		
Interest-bearing current receivables		
Loan receivables from the Group companies	**116,095,524.83**	40,169,810.72
Total interest-bearing current receivables	**116,095,524.83**	40,169,810.72
Interest-free current receivables		
Advances paid		
Advances paid to the Group companies	**18,240,121.02**	20,160,491.02
Advances paid to others	**30,093.56**	30,093.56
Trade receivables		
Trade receivables from the Group companies	**24,285,788.94**	35,400,364.55
Trade receivables from others	**129,544,226.59**	142,555,747.37
Total trade receivables	**153,830,015.53**	177,956,111.92
Accrued income		
Accrued income from the Group companies	**15,562,546.77**	18,089,116.31
Accrued income from others	**6,659,439.89**	5,728,268.86
Total accrued income	**22,221,986.66**	23,817,385.17
Other short-term interest-free receivables		
Other receivables from the Group companies	**0.00**	67,556.78
Other receivables from others	**11,629,618.23**	14,539,773.33
Total other interest-free current receivables	**11,629,618.23**	14,607,330.11
Total interest-free current receivables	**205,951,835.00**	236,571,411.78
Total current receivables	**322,047,359.83**	276,741,222.50
Total receivables	**479,244,258.23**	420,453,028.16

	2013	2012
Accrued income		
From interests	**982,316.92**	3,096,939.95
From taxes	**0.00**	1,566,532.79
From exchange differences	**5,236,071.93**	3,701,668.15
From the Group contribution	**10,760,000.00**	12,071,000.00
Other	**5,243,597.81**	3,381,244.28
Total	**22,221,986.66**	23,817,385.17

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

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15. MONEY-MARKET INVESTMENTS – CASH EQUIVALENTS

	2013	2012
Money-market investments		
Carrying amount at 31 Dec	**2,785,859.04**	19,761,023.23
Fair value	**2,785,859.04**	19,761,023.23
Difference	**0.00**	0.00

Money-market investments include company's short term investments.

16. EQUITY

	2013	2012
Restricted equity		
Share capital at 1 Jan	**221,761,727.69**	221,761,727.69
Share capital at 31 Dec	**221,761,727.69**	221,761,727.69
Share premium account at Jan 1	**257,877,731.94**	257,877,731.94
Share premium account at 31 Dec	**257,877,731.94**	257,877,731.94
Fair value reserve at 1 Jan	**–2,282,814.00**	0.00
Fair value reserve at 31 Dec	**–5,079,068.12**	–2,282,814.00
Total restricted equity at 31 Dec	**474,560,391.51**	477,356,645.63
Unrestricted capital		
Reserve for unrestricted capital invested at 1 Jan	**199,963,876.20**	199,963,876.20
Reserve for unrestricted capital invested at 31 Dec	**199,963,876.20**	199,963,876.20
Retained earnings at 1 Jan [1)]	**421,370,378.27**	433,164,423.47
Net profit for the year	**141,177,720.18**	68,680,077.86
Dividends paid	**–80,577,701.47**	–80,575,845.00
Share-based incentive plan:		
Shares given	**94,400.16**	101,721.94
Shares returned	**–49,727.97**	0.00
Retained earnings and net profit for the year at 31 Dec	**482,015,069.17**	421,370,378.27
Total unrestricted equity at 31 Dec	**681,978,945.37**	621,334,254.47
Total equity at 31 Dec	**1,156,539,336.88**	1,098,690,900.10
Total distributable funds at 31 Dec	**681,978,945.37**	621,334,254.47

[1)] The company owns 3,301,006 treasury shares, the acquisition value of which totals EUR 22,220,274.46.

Change in treasury shares	EUR	Number of shares
Acquisition value/number at 1 Jan	**22,225,409.45**	**3,301,769**
Change	**–5,134.99**	**–763**
Acquisition value/number at 31 Dec	**22,220,274.46**	**3,301,006**

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

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17. APPROPRIATIONS

	2013	2012
Appropriations		
Appropriations in the balance sheets are as follows:		
Buildings and constructions	**2,393,142.97**	2,654,944.99
Machinery and equipment	**4,825,018.76**	5,374,535.26
Other property, plant and equipment	**35,983.83**	41,064.74
Intangible rights	**104,825.49**	430,451.10
Other non-current expenditures	**3,960,888.08**	2,344,233.01
Total	**11,319,859.13**	10,845,229.10
Change in appropriations		
Appropriations at 1 Jan	**10,845,229.10**	12,635,611.83
Change in untaxed reserves in income statement	**474,630.03**	–1,790,382.73
Appropriations at 31 Dec	**11,319,859.13**	10,845,229.10

On December 31, 2013 deferred tax liabilities on accumulated appropriations were EUR 2.3 million (EUR 2.7 million).

18. OBLIGATORY PROVISIONS

	2013	2012
Non-current provisions		
Pension provisions	**6,106,698.22**	6,006,374.84
Other obligatory provisions		
Environmental and damage provisions	**13,122,537.05**	6,519,251.80
Personnel related provisions	**0.00**	100,000.00
Restructuring provisions	**1,564,265.20**	2,019,017.20
Total other obligatory provisions	**14,686,802.25**	8,638,269.00
Total non-current provisions	**20,793,500.47**	14,644,643.84
Current provisions		
Other obligatory provisions		
Personnel related provisions	**4,757,993.80**	2,147,443.69
Restructuring provisions	**454,752.00**	454,752.00
Total current provisions	**5,212,745.80**	2,602,195.69
Total provisions	**26,006,246.27**	17,246,839.53
Change in provisions		
Obligatory provisions at 1 Jan	**17,246,839.53**	40,224,624.07
Decrease of provisions during the year	**–5,491,908.33**	–4,359,736.40
Provisions reversed during the year	**–260,346.93**	0.00
Reclassification	**0.00**	–21,423,368.00
Increase during financial year	**14,511,662.00**	2,805,319.86
Obligatory provisions at 31 Dec	**26,006,246.27**	17,246,839.53

In 2012, other non-current provisions decreased by EUR 21.4 million in relation to the establishment of an associate and its items reclassification.

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

19. NON-CURRENT INTEREST-BEARING LIABILITIES

	2013	2012
Loans from financial institutions	**193,707,306.23**	228,952,972.60
Loans from the Group companies	**75,000,000.00**	75,000,000.00
Other non-current liabilities	**21,423,368.00**	21,423,368.00
Total	**290,130,674.23**	325,376,340.60
Long-term interest-bearing liabilities maturing in		
2015 (2014)	**82,835,584.95**	32,485,584.95
2016 (2015)	**32,835,584.95**	82,835,584.95
2017 (2016)	**32,835,584.95**	32,835,584.95
2018 (2017) or later	**141,623,919.38**	177,219,585.75
Total	**290,130,674.23**	325,376,340.60
Interest-bearing liabilities maturing in 5 years or more		
Loans from financial institutions	**45,200,551.38**	80,796,217.75
Loans from the Group companies	**75,000,000.00**	75,000,000.00
Other non-current liabilities	**21,423,368.00**	21,423,368.00
Total	**141,623,919.38**	177,219,585.75

The company does not have debentures or other bond loans.

20. CURRENT LIABILITIES

	2013	2012
Interest-bearing current liabilities		
Loans from financial institutions	**33,154,048.77**	29,107,927.84
Current portion of other non-current loans to others	**0.00**	16,507,941.55
Other interest-bearing current liabilities		
to the Group companies	**497,616,799.80**	603,313,477.26
to others	**181,674,503.01**	194,927,408.95
Total interest-bearing current liabilities	**712,445,351.58**	843,856,755.60
Interest-free current liabilities		
Prepayments received		
Prepayments received from the Group companies	**136,764.13**	177,016.76
Prepayments received from others	**835,620.60**	403,904.51
Trade payables		
to the Group companies	**49,583,889.32**	43,816,908.35
to others	**80,104,063.83**	80,548,720.99
Total trade payables	**129,687,953.15**	124,365,629.34
Accrued expenses		
to the Group companies	**84,290,304.94**	34,455,323.98
to others	**48,817,748.37**	60,725,700.09
Total accrued expenses	**133,108,053.31**	95,181,024.07
Total other interest-free liabilities	**6,868,733.86**	7,806,180.83
Total interest-free current liabilities	**270,637,125.05**	227,933,755.51
Total current liabilities	**983,082,476.63**	1,071,790,511.11
Accrued expenses		
From salaries	**6,286,971.04**	8,154,854.76
From interests and exchange differences	**93,206,751.28**	45,674,843.38
Other	**33,614,330.99**	41,351,325.93
Total	**133,108,053.31**	95,181,024.07

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

21. COLLATERAL AND CONTINGENT LIABILITIES

	2013	2012
Guarantees		
On behalf of the Group companies		
for loans	**311,044,261.00**	392,244,919.00
for other obligations	**70,109,579.00**	43,314,768.00
On behalf of others	**2,847,229.00**	2,744,055.00
Total	**384,001,069.00**	438,303,742.00
Leasing liabilitiest		
Maturity within one year	**5,228,278.00**	5,224,844.00
Maturity after one year	**21,000,189.00**	23,944,493.00
Total	**26,228,467.00**	29,169,337.00

Environmental risks and liabilities are disclosed in Note 31 in the Notes to the Consolidated Financial Statements.

Kemira 2013 Consolidated Financial Statements • Notes to Kemira Oyj Financial Statements (EUR million)

22. SHARES AND HOLDINGS OF KEMIRA OYJ

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Shares in subsidiaries	Group holding %	Kemira Oy holding %
AS Kemivesi	100.00	100.00
Kemira Argentina S.A.	100.00	15.80
Kemira Asia Pacific Pte. Ltd.	100.00	100.00
Kemira Cell Sp. z.o.o.	55.00	55.00
Kemira Chemicals (Nanjing) Co.,Ltd.	100.00	100.00
Kemira Chemicals (Shanghai) Co.,Ltd.	100.00	100.00
Kemira Chemicals (UK) Ltd.	100.00	100.00
Kemira Chemicals (Yanzhou) Co.,Ltd.	100.00	100.00
Kemira Chemicals Brasil Ltda	100.00	100.00
Kemira Chemicals Canada Inc.	100.00	100.00
Kemira Chemicals Germany GmbH	100.00	100.00
Kemira Chemicals India Private Ltd.	99.99	99.99
Kemira Chemie Ges.mbH	100.00	100.00
Kemira Chile Comercial Limitada	100.00	99.00
Kemira de Mexico S.A. de C.V.	100.00	100.00
Kemira Europe Oy	100.00	100.00
Kemira Germany GmbH	100.00	100.00
Kemira GrowHow A/S	100.00	100.00
Kemira Hong Kong Company Limited	100.00	100.00
Kemira Korea Corporation	100.00	100.00
Kemira KTM d.o.o.	100.00	100.00
Kemira Nederland Holding B.V.	100.00	100.00
Kemira Operon Oy	100.00	100.00
Kemira Świecie Sp. z o.o.	100.00	100.00
Kemira Water Danmark A/S	100.00	100.00
Kemira Water Solutions Brasil	100.00	100.00
PT Kemira Indonesia	100.00	75.00
Ruoholahden Kuusenkerkkä Oy	100.00	100.00
Suomen Muurahaishappo Oy	100.00	100.00

Shares and shareholders

SHARES AND SHARE CAPITAL

On December 31, 2013, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the general meeting. Kemira Oyj's shares are registered in the book-entry system maintained by Euroclear Finland Ltd.

SHAREHOLDERS

At the end of 2013, Kemira Oyj had 30,640 registered shareholders (30,601). Foreign shareholding of Kemira Oyj shares increased 26% during the year and was 21.6% of the shares (17.1%), including nominee-registered holdings. Households owned 14.9% of the shares (15.4%). At year-end, Kemira held 3,301,006 treasury shares (3,301,769), representing 2.1% (2.1%) of all company shares. A list of Kemira's largest shareholders is updated monthly and can be found on the company website at www.kemira.com/investors.

LISTING AND TRADING

Kemira Oyj's shares are listed on NASDAQ OMX Helsinki. The trading code for the shares is KRA1V and the ISIN code is FI0009004824.

Kemira Oyj's share closed at EUR 12.16 at the NASDAQ OMX Helsinki at the end of 2013 (2012: 11.81). The share price increased 3% during the year while OMX Helsinki Cap index increased 26%. STOXX Chemicals (Europe), chemical sector benchmark index for Kemira increased 15% in 2013 (2012: 30%). Shares registered a high of EUR 13.02 (12.00) and a low of EUR 10.55 (8.00). The average share price of Kemira increased 16% and was EUR 11.76 (10.10). The volatility of Kemira's share price in 2013 was 24% (3 year volatility: 34%, 5 year: 37%). Source: Factset.

Kemira's market capitalization, excluding treasury shares, was EUR 1,849 million at the end of the year 2013 (2012: 1,796).

In 2013, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki decreased 27% to 65 million (2012: 89) shares. Share turnover value decreased 15% and was EUR 757.2 million (886.7). The average daily trading volume was 259,748 (352,397) shares. On NASDAQ OMX Helsinki stock exchange, the total trading volume decreased 4% in 2013 to EUR 95.3 billion (98.7).

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at BATS Chi-X and Turquoise. In 2013, a total of 28 million (29) Kemira Oyj shares were traded at alternative market places, i.e. approximately 30% (26%) of the total amount of traded shares executed on-book. (Source: Fidessa)

The total amount of traded Kemira shares, including trade on NASDAQ OMX Helsinki and multilateral trading facilities decreased 21% in 2013 compared to 2012.

Up-to-date information on Kemira's share price is available on the company's website at www.kemira.com/investors.

DIVIDEND POLICY AND DIVIDEND DISTRIBUTION

Kemira aims to distribute a dividend that accounts for 40–60% of its operative net income. Operative net income means net profit for the period excluding non-recurring items, adjusted for tax effects.

The company's Board of Directors will propose to the Annual General Meeting that a per-share dividend of EUR 0.53 (0.53) totaling EUR 81 million (81) be paid for the financial year 2013, accounting for a dividend payout of about 76% (69%) of the operative net income. The Annual General Meeting will be held March 24, 2014. The dividend ex date is March 25, 2014, dividend record date March 27, 2014, and payout April 3, 2014.

In 2013, a dividend of EUR 0.53 per share was paid for the financial year that ended December 31, 2012. The dividend record date was April 2, 2013, and the payment (EUR 81 million in total) date April 9, 2013.

BOARD AUTHORIZATIONS

The Annual General Meeting on March 26, 2013 authorized the Board of Directors to decide upon repurchase of a maximum of 4,500,000 company's own shares ("Share repurchase authorization"). Shares will be repurchased by using unrestricted equity either through a tender offer with equal terms to all shareholders at a price determined by the Board of Directors or otherwise than in proportion to the existing shareholdings of the company's shareholders in public trading on the NASDAQ OMX Helsinki Ltd (the "Helsinki Stock Exchange") at the market price quoted at the time of the repurchase. The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period.

Shares shall be acquired and paid for in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd. Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the company's capital structure, improving the liquidity of the company's shares or to be used for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the company. The Board of Directors will decide upon other terms related to share repurchases. The share repurchase authorization is valid until the end of the next Annual General Meeting. The Board had not exercised its authorization by December 31, 2013.

The AGM authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 company's own shares held by the company ("Share issue authorization"). The new shares may be issued and the company's own shares held by the company may be transferred either for consideration or without consideration. The new shares may be issued and the company's own shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company, or by disapplying the shareholders' pre-emption right, through a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the capital structure of the company, improving the liquidity of the company's shares or if this is justified for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the implementation of the company's share-based incentive plan. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors will decide upon other terms related to the share issues. The share issue authorization is valid until May 31, 2014. The share issue authorization has been used in connection with the Board of Directors remuneration.

MANAGEMENT SHAREHOLDING

The members of the Board of Directors as well as the President and CEO and his Deputy held 311,478 (December 31, 2012: 302,834) Kemira Oyj shares on December 31, 2013, or 0.20% (0.19%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Wolfgang Büchele, President and CEO, held 99,657 shares on December 31, 2013 (76,657). Board members are not covered by the share-based incentive plan. Members of the Management Boards, excluding the President and CEO and his Deputy, held a total of 274,911 shares on December 31, 2013 (147,688), representing 0.18% (0.10%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Up-to-date information regarding the shareholdings of the Board of Directors and Management is available at Kemira's website at www.kemira.com/investors.

LARGEST SHAREHOLDERS DECEMBER 31, 2013

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	28,278,217	18.2
2	Solidium Oy	25,896,087	16.7
3	Varma Mutual Pension Insurance Company	9,464,836	6.1
4	Ilmarinen Mutual Pension Insurance Company	3,840,451	2.5
5	Nordea Funds	3,589,351	2.3
6	Tapiola Mutual Pension Insurance Company	2,600,000	1.7
7	Mandatum Life	1,626,167	1.1
8	Danske Invest funds	1,495,176	1.0
9	The State Pension Fund	1,040,000	0.7
10	Pohjola Fund Management	819,817	0.5
11	Sigrid Jusélius Foundation	730,000	0.5
12	Kaleva Mutual Insurance Company	603,337	0.4
13	The Local Goverment Pensions Institution	426,482	0.3
14	Aktia Funds	400,000	0.3
15	Valio Pension Fund	359,469	0.2
	Kemira Oyj	3,301,006	2.1
	Nominee-registered and foreign shareholders	33,595,809	21.6
	Others, total	37,276,352	23.8
	Total	**155,342,557**	**100.0**

SHAREHOLDING BY NUMBER OF SHARES HELD DEC 31, 2013

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	6,341	20.7	392,463	0.3
101–500	13,399	43.7	3,631,113	2.3
501–1,000	5,023	16.4	3,771,632	2.4
1,001–5,000	4,909	16.0	9,935,330	6.4
5,001–10,000	487	1.6	3,486,020	2.3
10,001–50,000	345	1.1	6,708,214	4.3
50,001–100,000	59	0.2	4,202,877	2.7
100,001–500,000	60	0.2	11,343,842	7.3
500,001–1,000,000	5	0.0	3,125,106	2.0
1,000,001–	12	0.1	108,745,960	70.0
Total	**30,640**	**100.0**	**155,342,557**	**100.0**

Board proposal for profit distribution

On December 31, 2013, Kemira Oyj's distributable funds totaled EUR 681,978,945 of which net profit for the period accounted for EUR 141,177,720.

No material changes have taken place in the company's financial position after the balance sheet date.

The Board proposes to the Annual General Meeting that distributable funds would be allocated as follows:

- Distributing a per-share dividend of EUR 0.53 for the financial year, or a total of EUR 80,582,022.
- Retaining EUR 601,396,923 under unrestricted equity.

Helsinki, February 7, 2014

Jukka Viinanen

Jari Paasikivi

Winnie Fok

Juha Laaksonen

Kerttu Tuomas

Wolfgang Büchele
CEO

Auditor's report

TO THE ANNUAL GENERAL MEETING OF KEMIRA OYJ

We have audited the accounting records, the financial statements, the Operating and Financial Review, and the administration of Kemira Oyj for the financial period 1.1.–31.12.2013. The financial statements comprise of the consolidated income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the Operating and Financial Review that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the Operating and Financial Review in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the Operating and Financial Review based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the Operating and Financial Review are free from material misstatement, and whether the members of the Board of Directors of the parent company and the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the Operating and Financial Review. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and Operating and Financial Review that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the Operating and Financial Review.

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

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE OPERATING AND FINANCIAL REVIEW

In our opinion, the financial statements and the Operating and Financial Review give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the Operating and Financial Review in Finland. The information in the Operating and Financial Review is consistent with the information in the financial statements.

OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Helsinki, 7 February 2014

Deloitte & Touche Oy
Authorized Public Audit Firm

Jukka Vattulainen
Authorized Public Accountant

Quarterly Earnings Performance

(The figures are unaudited)

	1–3	4–6	7–9	10–12	2013 Total	1–3	4–6	7–9	10–12	2012 Total
Revenue										
Paper	259.1	265.0	271.0	272.5	1,067.6	247.9	249.1	256.9	251.7	1,005.6
Municipal & Industrial	164.8	178.0	164.2	152.4	659.4	161.0	173.7	176.5	175.4	686.6
Oil & Mining	76.3	79.9	76.8	78.5	311.5	85.1	84.5	79.4	72.1	321.1
ChemSolutions	60.7	46.4	41.7	41.8	190.6	58.9	55.0	54.4	59.3	227.6
Total	560.9	569.3	553.7	545.2	2,229.1	552.9	562.3	567.2	558.5	2,240.9
Operating profit										
Paper	17.8	–0.3	18.5	9.7	45.7	18.2	15.7	0.8	10.0	44.7
Municipal & Industrial	7.8	11.5	4.6	–47.3	–23.4	4.2	9.5	–1.7	–28.5	–16.5
Oil & Mining	4.3	1.8	4.3	–3.9	6.5	8.2	7.2	1.1	–2.3	14.2
ChemSolutions	9.3	0.3	1.6	2.6	13.8	5.8	0.8	0.5	–16.3	–9.3
Total	39.2	13.3	29.0	–38.9	42.6	36.4	33.2	0.7	–37.1	33.1
Finance costs, net	–24.7	–4.2	–2.4	–7.7	–39.0	–10.3	1.4	–2.7	–4.1	–15.7
Share of profit or loss of associates	–1.2	0.1	0.1	–0.1	–1.1	10.8	5.8	0.3	–5.7	11.2
Profit before tax	13.3	9.2	26.7	–46.7	2.5	36.9	40.4	–1.7	–46.9	28.6
Income tax expense	–10.5	–5.5	–10.4	–2.0	–28.4	–6.7	–8.9	3.1	6.8	–5.7
Net profit for the period	2.8	3.7	16.3	–48.7	–25.9	30.2	31.5	1.4	–40.1	22.9
Net profit attributable to:										
Equity owners of the parent	1.8	2.2	14.5	–50.1	–31.6	28.9	29.8	–0.2	–41.7	16.8
Non-controlling interests	1.0	1.5	1.8	1.4	5.7	1.0	1.3	1.3	1.1	4.7
Net profit for the period	2.8	3.7	16.3	–48.7	–25.9	29.9	31.1	1.1	–40.6	21.5
Earning per share, basic, EUR	0.01	0.02	0.09	–0.33	–0.21	0.19	0.20	0.00	–0.28	0.12
Earning per share, diluted, EUR	0.01	0.02	0.09	–0.33	–0.21	0.19	0.20	–0.01	–0.27	0.12
Capital employed, rolling					1,366.5					1,673.0
Return on capital employed (ROCE), %					3.0%					2.6%

Comparative figures for 2012 have been restated according to the new organizational structure and revised IAS 19 `Employee Benefits´, additional information is disclosed in the Group's accounting policies.

Information for investors

FINANCIAL REPORTS IN 2014

Kemira will publish three interim reports in 2014.

April 23, 2014: Interim report for January–March
July 22, 2014: Interim report for January–June
October 22, 2014: Interim report for January–September

The interim reports and related presentation material are available at www.kemira.com/investors. Kemira's press releases, Annual reports (including corporate responsibility reports) and other investor information are also available on the website, where visitors can register to receive press releases. The company's Annual reports can be ordered on the website or from Kemira Oyj, Group Communications, tel. +358 10 8611. Kemira's Annual report (incl. Financial Statements) is available as an online report, and the Financial Statements also in printed format.

INVESTOR COMMUNICATIONS

The key task of Kemira's investor communications is to provide capital markets with open and reliable information about the company and its operating environment to present a factual overview of Kemira as an investment to market participants.

Through investor communications, we aim to ensure that everyone operating in the markets has equal access to sufficient and correct information concerning the company, and that the information is disclosed consistently and without delay.

Kemira Oyj is domiciled in Helsinki, Finland, and the company's shares are listed on NASDAQ OMX Helsinki. Kemira Oyj complies with Finnish laws and the regulations of NASDAQ OMX Helsinki and Finland's Financial Supervisory Authority.

SILENT PERIOD

Kemira observes a silent period before issuing Financial Statements or interim reports. During the period, Kemira's representatives do not comment on the company's Financial Statements or interim reports for the ongoing reporting period. The schedule for the silent period and publication of financial information and closed periods is displayed on Kemira's website under Investors > Investor Calendar.

ANNUAL GENERAL MEETING

Kemira's Annual General Meeting will be held on Monday, March 24, 2014 at 1.00 p.m. in Finlandia Hall (Mannerheimintie 13 e, Helsinki, Finland). All shareholders registered in the company's shareholders' register maintained by Euroclear Finland Ltd on the record date of the Annual General Meeting, March 12, 2014, are entitled to attend and participate in the Annual General Meeting.

Registration for the Annual General Meeting begins on February 27, 2014, and the registration instructions will be published on the same day as a stock exchange release and at Kemira's website www.kemira.com > Investors > Corporate Governance > Annual General Meeting > Annual General Meeting 2014.

Kemira will release a stock exchange release on the decisions made in the Annual General Meeting immediately after the meeting.

DIVIDEND DISTRIBUTION

For dividend proposal, please see page 95.

CHANGE OF ADDRESS

Kemira's shareholders are kindly requested to report any change of address to the bank or brokerage firm in which they have their book-entry account. This will also update information in registers, maintained by Euroclear Finland Ltd, which Kemira uses for sending mail to its shareholders. If the book-entry account is held by Finnish Central Securities Depository Ltd, change of address should be reported there directly.

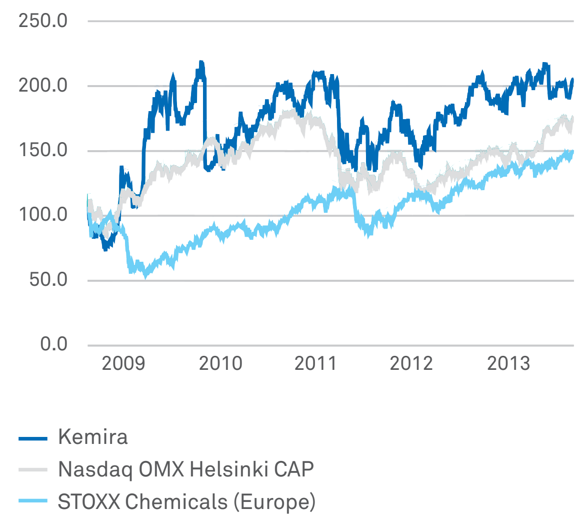
INVESTOR RELATIONS

Tero Huovinen, Vice President, Investor Relations
tel. +358 10 862 1980
e-mail: tero.huovinen@kemira.com

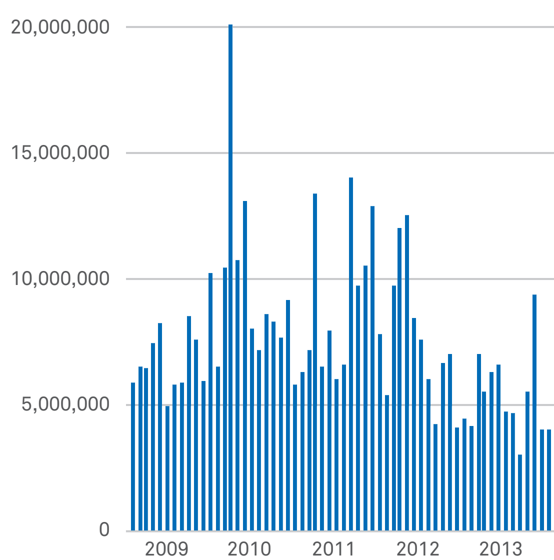
BASIC SHARE INFORMATION

Listed on: NASDAQ OMX Helsinki Ltd
Trading code: KRA1V
ISIN code: FI0009004824
Industry group: Materials
Industry: Chemicals
Number of shares on December 31, 2013: 155,342,557
Listing date: November 10, 1994

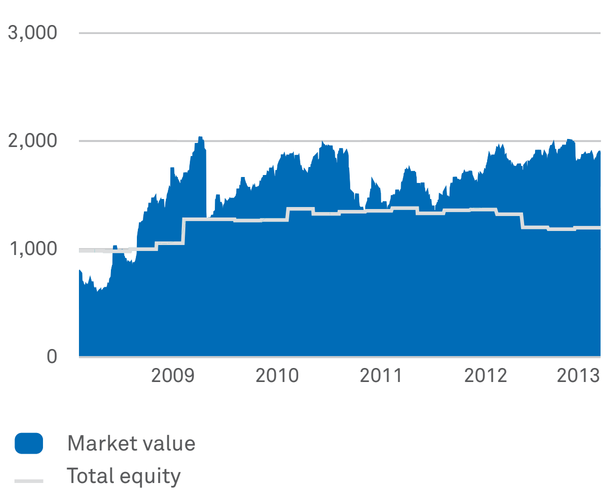
Share price 2009–2013



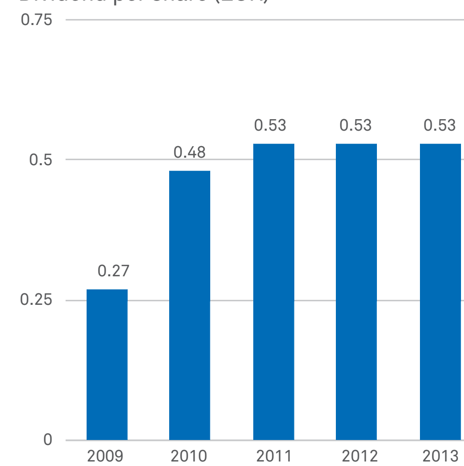
Monthly trading volume on NASDAQ OMX Helsinki 2009–2013 (shares)



Market value 2009–2013 (EUR million)

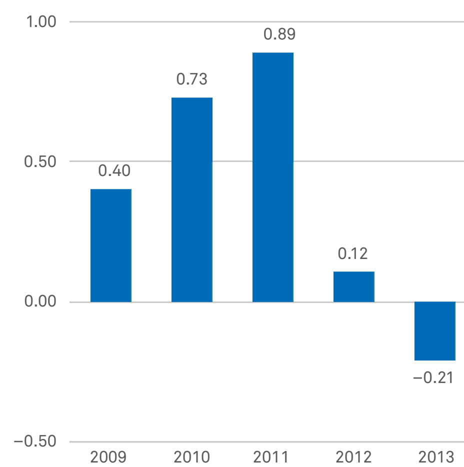


Dividend per share (EUR)*



*The dividend for 2013 is the Board of Director's proposal to the Annual General Meeting

Earnings per share (EUR)*



*Excluding Tikkurila 2009 and 2010

Ownership Dec. 31, 2013 (%)