



Corporate Governance 2017



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Corporate Governance Statement 2017

Introduction

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act and Nasdaq Helsinki Ltd.'s rules and regulations on listed companies. Kemira complies with the Finnish Corporate Governance Code, which is publicly available at www.cgfinland.fi.

This statement is presented separately from the annual report by the Board of Directors. Kemira's Audit Committee has reviewed the Corporate Governance Statement, and the Company's Auditor, Deloitte Oy, has checked that the statement has been issued and that the description of the main features of the internal control and risk management related to the financial reporting process included in the statement is consistent with the Financial Statements.

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, or the General 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 24, 2017. The meeting was attended by 652 shareholders either in person or by proxy, together representing around 61% of the shareholders' votes.

The documents related to the AGM are available on Kemira's website www.kemira.com > Investors > Corporate governance > Annual General Meeting.

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. The members of the Nomination Board shall elect a Chairman at the first meeting of the Board. The Group General Counsel acts as the Secretary of the Nomination Board.

The Nomination Board has a Charter approved by the General Meeting that defines more precisely the process to elect its members and chairman as well as its tasks and meeting routines. The Charter is publicly available on the company's website.

According to its Charter, the Nomination Board will meet at least two times a year, with authority to convene additional

meetings, as circumstances require. The members present at the meeting shall constitute a quorum if at least three of the members are present at the meeting.

As of August 31, 2017, the members of the Nomination Board are Pekka Paasikivi, Chairman of the Board of Oras Invest Oy, Antti Mäkinen, Managing Director of Solidium Oy, Reima Rytsölä, Executive Vice President, Varma Mutual Pension Insurance Company, Mikko Mursula, Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company, and the Chairman of the Board Jari Paasikivi as an expert member. Pekka Paasikivi is the Chairman of the Nomination Board and Group General Counsel Jukka Hakkila acts as the Secretary of the Nomination Board. During the reporting period, Kari Järvinen, Managing Director of Solidium Oy and Timo Ritakallio, President & CEO of Ilmarinen Mutual Pension Insurance Company, were members of the Nomination Board until August 31, 2017.

The Nomination Board met two times in 2017 with an attendance rate of 100%. Each member's participation in the Nomination Board meetings was as follows:

Järvinen	1/1	100%
Mursula	1/1	100%
Mäkinen	1/1	100%
J. Paasikivi	2/2	100%
P. Paasikivi	2/2	100%
Ritakallio	1/1	100%
Rytsölä	2/2	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 24, 2017, the Annual General Meeting elected six members to the Board of Directors. The AGM re-elected Wolfgang Büchele, Kaisa Hietala, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas to the Board of Directors, and Shirley Cunningham was elected as a new member. Jari Paasikivi was elected the Board's Chairman and Kerttu Tuomas was elected the Vice Chairman. In addition, during the period January 1 – March 24, 2017, Winnie Fok and Juha Laaksonen were members of the Board of Directors. Group General Counsel Jukka Hakkila acts as the Secretary of the Board of Directors.

All of the Board members are independent of the Company. During the reporting period, Wolfgang Büchele has, however, not been independent of the Company during the period January 1 – April 30, 2017, because he has been the Managing Director of Kemira Oyj as of April 1, 2012 until April 30, 2014. The Board members are also independent of significant shareholders of the Company except for the 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 Group Management and their holdings can be found under the heading Insiders.

Principles concerning the diversity of the Board of Directors

The Board of Directors has adopted the following principles and targets concerning the diversity of the Board of Directors.

When designing the composition of the Board of Directors, the Nomination Board of the company assesses the Board composition from the viewpoint of the company's current and future business needs, while taking into account the diversity of the Board.

The diversity of the Board of Directors will be assessed from various viewpoints. Kemira's Board of Directors shall have sufficient and complementary experience and expertise in the key industries and markets relevant to Kemira's business. In addition, an essential element is the personal characteristics of the members and their diversity.

The company's aim is that the Board of Directors represent diverse expertise in different industries and markets, diverse professional and educational background, diverse age distribution and both genders. The objective is that both genders are represented in the Board by at least two members.

The current Board of Directors of the company complies with the company's diversity targets. Versatile expertise from various industries and markets is represented in the Board of Directors, as well as various professional and educational backgrounds. There is an equal number of male and female directors.

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 Charter is publicly available on the company's website.

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 main strategies 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 capital investment policy and major investments, acquisitions 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.

According to the Charter of the Board of Directors, the Board must convene regularly and at least eight times a year. The Board of Directors has a quorum when more than half of the Directors are present. The opinion which has been supported by more than half of those present shall become the decision or, in the event of votes being equal, the opinion with which the Chairman concurs.

In 2017, the Board of Directors met 10 times. The average attendance rate at the meetings was 98.4%. Each director's attendance in the meetings was as follows:

Büchele	9/10	90%
Cunningham	8/8	100%
Fok	2/2	100%
Hietala	10/10	100%
Laaksonen	2/2	100%
Lappalainen	10/10	100%
Paasikivi	10/10	100%
Tuomas	10/10	100%

Board Committees

Kemira Oyj's Board of Directors has appointed two committees: the Audit Committee and the Personnel and Remuneration Committee.

Audit Committee

The Audit Committee works in accordance with its Charter confirmed by the Board of Directors. The Charter is publicly available on the Company's website.

It is tasked to assist the Board of Directors in fulfilling its oversight responsibilities for financial reporting process, the system of internal control, the internal and external 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 three members of the

Board of Directors. Majority of the members shall be independent of the company and at least one member shall be independent of significant shareholders. After the 2017 AGM, the Board elected Timo Lappalainen as the Chairman of the Audit Committee and Kaisa Hietala and Jari Paasikivi as members of the Committee. In addition, during the reporting period until March 24, 2017, Juha Laaksonen was a member of the Committee.

According to its Charter, the Audit Committee shall convene at least four times a year. The Audit Committee has a quorum when at least two members are present in the meeting.

The Audit Committee met five times in 2017 with an attendance rate of 100%. Each member's attendance in the Audit Committee meetings was as follows:

Hietala	5/5	100%
Laaksonen	1/1	100%
Lappalainen	5/5	100%
Paasikivi	5/5	100%

Personnel and Remuneration Committee

The Board of Directors has approved a Charter for the Committee. The Charter is publicly available on the company's website.

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 Management Board. The Committee also monitors succession planning of the senior management and the senior management's performance evaluation. The Committee plans matters pertaining to the development of the organization and reviews the Remuneration Statement of the Company. The Committee reports to the Board of Directors on each meeting.

The Committee consists of three members, the majority of which shall be independent of the Company.

According to its Charter, the Committee shall convene at least twice a year. The members present at the meeting shall constitute a quorum if at least two of the members are present at the meeting.

After the 2017 AGM, the Board elected Jari Paasikivi the Chairman of the Personnel and Remuneration Committee and Kerttu Tuomas and Timo Lappalainen the members of the Personnel and Remuneration Committee. In addition, during the reporting period until March 24, 2017, Juha Laaksonen was a member of the Committee.

In 2017, the Personnel and Remuneration Committee met six times. The attendance rate at the meetings was 100%.

Each member's attendance in the Personnel and Remuneration Committee meetings was as follows:

Laaksonen	1/1	100%
Lappalainen	5/5	100%
Paasikivi	6/6	100%
Tuomas	6/6	100%

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 implementing the decisions taken by the Board of Directors. 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 Jari Rosendal, 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 and the Managing Director's Deputy is set forth under the

section Group Management and their holdings can be found in the section Insiders. The financial benefits related to the Managing Director's employment relationship are described in a section Remuneration Report.

Management Board

Kemira's Management Board consists of Managing Director Jari Rosendal (President and CEO), Petri Castrén (CFO and President, Americas), Kim Poulsen (President, Pulp & Paper and APAC), Esa-Matti Puputti (EVP, Operational Excellence), Antti Salminen (President Industry & Water (Until May 31, 2017; Municipal & Industrial) and EMEA) and Eeva Salonen (EVP, HR). In addition, the following persons have been members of the Management Board during 2017: Heidi Fagerholm (CTO) until October 31, 2017, Tarjei Johansen (President, Oil & Mining and Americas) until March 8, 2017, and Michael Löffelmann (EVP, Projects and Manufacturing Technology) until January 19, 2017. Jari Rosendal has acted as the CTO during November 1, 2017 – December 31, 2017. On December 22, 2017 it was announced that Matthew R. Pixton will be appointed as the CTO and a member of the Management Board as of January 1, 2018. The Managing Director is the Chairman of the Management Board and the Group General Counsel acts as its Secretary.

The Management Board is an operative, non-statutory management body that is responsible for securing the long-term strategic development of the Company. The personal information of the Management Board members are presented in the section Group Management and their holdings can be found in the section Insiders. The decision-

making process and main principles of remuneration of the members of the Management Board are described in section Remuneration Report.

Operative organization

Kemira Oyj has organized its business into two (until May 31, 2017: three) customer based segments. The Pulp & Paper segment focuses on serving customers in the pulp and paper industry and the Industry & Water segment focuses on serving customers in the municipal and industrial water treatment as well as oil, gas and mining industries. During the reporting period Kemira's organization was changed so that the Oil & Mining segment and the Municipal & Industrial segment were combined into the Industry & Water segment.

The segments have a strategic leadership role as they formulate their respective business strategies and guide the strategy implementation within the segment. Operational business responsibilities as well as the Profit & Loss responsibility belong to each of the segments.

The segments 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 on a global basis. Such policies and processes are complied with 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 three business regions: Europe, Middle East and Africa (EMEA), Americas and Asia Pacific (APAC). The Region Heads provide operational support and co-ordination within the region and steer all regional development projects.

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 managers monitor its effectiveness as part of operative management.

Kemira's corporate values, Code of Conduct and Group level policies and procedures guide the 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. The Code of Conduct is trained to all employees. 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

Kemira Oyj complies with EU Market Abuse Regulation, Finnish Securities Market Act, the rules and regulations issued by the European Securities and Markets Authority (ESMA) and Finnish Financial Supervision Authority (Fin-FSA) as well as the Guidelines for the Insiders of Listed Companies issued by Nasdaq Helsinki Ltd.

The company has identified the persons and vice-persons responsible for the various areas of insider administration within the company, including among others compliance in general, decision-making on publishing of insider information and on delaying the publication, maintaining the insider list, overseeing the compliance with the trading restriction as well as the publication of transactions made by the persons discharging managerial responsibilities and their closely associated persons involving stocks and other financial instruments relating to Kemira.

The company has determined, as required by the Market Abuse Regulation, that the persons discharging managerial responsibilities within the company include the Board of Directors, the Managing Director (President & CEO), Management Board as well as the secretary of Board of Directors and Management Board. The persons discharging managerial responsibilities are responsible for identifying their closely associated persons and to disclose the same to Kemira.

Board of Directors

Name	Position	Personal Ownership	Ownership through controlled companies
Paasikivi Jari	Chairman of the board of directors	215,106	0
Tuomas Kerttu	Vice Chairman of the board of directors	12,319	0
Büchele Wolfgang	Member of the board of directors	105,176	0
Cunningham Shirley	Member of the board of directors	1,337	0
Hietala Kaisa	Member of the board of directors	2,820	0
Lappalainen Timo	Member of the board of directors	5,862	0
Total		342,620	0

Management Board

Name	Position	Personal Ownership	Ownership through controlled companies
Rosendal Jari	CEO, Chairman of the management board	45,000	0
Castrén Petri	CFO, Member of the management board	16,736	0
Poulsen Kim	President, P&P, Member of the management board	2,602	0
Puputti Esa-Matti	EVP, Operational Excellence Member of the management board	8,739	0
Salminen Antti	President, I&W, Member of the management board	11,236	0
Salonen Eeva	EVP, HR Member of the management board	35,328	0
Hakkila Jukka	Group General Counsel Secretary of the Board of Directors and the management board	66,595	0
Total		186,236	0

Kemira discloses by way of stock exchange release all transactions made by the persons discharging managerial responsibilities and their closely associated persons and companies involving stocks and other financial instruments relating to Kemira, as required by the Market Abuse Regulation.

According to the law, a person discharging managerial responsibilities must not make transactions with stocks or other financial instruments of a listed company during a period of 30 days preceding the publications of the interim or annual financial report of a listed company. Kemira applies a similar 30 days trade restriction to those of Kemira Group employees, who are involved in the preparation or publication of the interim or annual financial report and who have access to group level unpublished financial information.

Kemira Oyj's insider list is maintained by the legal department of the company using the SIRE service of Euroclear Finland Oy.

The attached table lays out the number of stocks owned by the persons discharging managerial responsibilities in Kemira Oyj, and by companies under their control, on December 31, 2017.

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 is free to determine the scope of internal auditing, the ways of performing its work and communicating its results.

Internal Audit reports to the Audit Committee and administratively to the Group General Counsel. Internal Audit reports all of its observations to the responsible management and to the auditor. In addition, Internal Audit reports regularly the most essential and material observations to the Audit Committee in connection with the Audit Committee's meetings. Furthermore, the Internal Audit has a direct and unrestricted access to discuss with the Chairman of the Audit Committee.

Audit

Under the Articles of Association, the shareholders' meeting elects an audit firm certified by the Finland Chamber of Commerce as the Company's auditor. The audit firm

appoints the Principal Auditor, who is an Authorized Public Accountant certified by the Finland Chamber of Commerce. The auditor's term of office continues until the next Annual General Meeting after the Auditor's election.

The 2017 Annual General Meeting elected Deloitte Ltd. as the Company's auditor, with Jukka Vattulainen, APA, acting as the Principal Auditor. In 2017, the audit fee paid globally to the auditor (Deloitte) totaled EUR 1.7 million. In addition, a total of EUR 0.9 million was paid as fees for other services.

Control and risk management systems pertaining to the financial reporting process

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 Board of Directors Review and on the Company's website at www.kemira.com > Investors > Corporate governance > Risk management. A general description of Kemira's internal control system can be found above under the heading Internal control.

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

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 above 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 Group's financial administration assesses risks it has recognized related to financial reporting. The aim of the risk assessment is to identify and to assess the most significant threats affecting the financial reporting and to define to which function or process risks are related and how the risks would affect the Group's financial reporting if those were to materialize.

The Group's financial administration and Risk Management are responsible for that the risks are reassessed regularly.

Financial reporting and control

The internal control and risk management systems pertaining to the financial reporting process have been designed so that sufficient certainty on the reliability of the financial reporting can be obtained and that the financial statements have been prepared in accordance with the applicable laws and regulations. Kemira complies with the international standards for financial statements (IFRS) which are applicable in the EU and other requirements of

the listed companies. Kemira Group policies and procedures define in detail the processes and principles 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 uniform and comprehensive Enterprise Resources Planning (ERP) system that ensures fast and reliable access to data. 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 has determined 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

By well-functioning internal control environment Kemira aims at securing the timeliness, correctness and transparency of the company's internal and external communication. The most essential guidelines and regulations concerning the financial reporting, internal control and risk management, such as the guidelines regarding the principles of preparation of the financial statements and financial reporting, are available to all employees in the group intranet. Kemira's financial administration regularly arranges trainings regarding internal control and financial reporting as well as using the relevant tools.

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 and principles at Group level. The financial reporting processes are also monitored by the Internal Audit function.

Board of Directors



JARI PAASIKIVI

b. 1954

- Finnish citizen
- M.Sc. (Econ.)
- Chairman of the Board
- Independent of the Company
- Main occupation CEO of Oras Invest Oy, which owns over 10% of Kemira Oyj's shares



KERTTU TUOMAS

b. 1957

- Finnish citizen
- B.Sc. (Econ.)
- Vice Chairman of the Board
- Independent of the Company and its significant shareholders



WOLFGANG BÜCHELE

b. 1959

- German citizen
- Dr. rer.nat.
- Member of the Board
- Managing Director of Kemira Oyj 1 April 2012–30 April 2014
- Independent of the Company as of May 1, 2017 and independent of the Company's significant shareholders
- Main occupation M+W Group GmbH, CEO



SHIRLEY CUNNINGHAM

b. 1960

- United Kingdom citizen
- MBA
- Member of the Board as of March 24, 2017
- Independent of the Company and the Company's significant shareholders
- Main occupation CHS Inc., Executive Vice President



KAISA HIETALA

b. 1971

- Finnish citizen
- M.Sc.(Physics) and M.Sc. (Env.Sc.)
- Member of the Board
- Independent of the Company and its significant shareholders
- Main occupation Neste Corporation, Executive Vice President, Renewable products



TIMO LAPPALAINEN

b. 1962

- Finnish citizen
- M.Sc. (Eng.)
- Member of the Board
- Independent of the Company and its significant shareholders
- Main occupation Orion Corporation, President & CEO

Further information on the Board of Directors and the Management Board is available on www.kemira.com.

Kemira

The following persons were members of the Board of Directors until March 24, 2017:



WINNIE FOK

b. 1956

- British citizen
- B.Comm.
- Member of the Board
- Independent of the Company and its significant shareholders
- Main occupation Wallenberg Foundations AB, Senior Advisor



JUHA LAAKSONEN

b. 1952

- Finnish citizen
- B.Sc. (Econ.)
- Member of the Board
- Independent of the Company and its significant shareholders

Further information on the Board of Directors and the Management Board is available on www.kemira.com.

Group Management



JARI ROSENDAL

b. 1965

- M. Sc. (Eng.)
- Managing Director of Kemira Oyj
- Chairman of the Management Board



PETRI CASTRÉN

b. 1962

- LL.M., MBA
- Chief Financial Officer, Head of Americas



JUKKA HAKKILA

b. 1960

- LL.M.
- Group General Counsel
- Deputy Managing Director



KIM POULSEN

b. 1966

- M. Sc. (Econ.)
- President, Pulp & Paper and APAC



ESA-MATTI PUPUTTI

b. 1959

- Lic. Tech. (Eng.)
- Executive Vice President, Operational Excellence



ANTTI SALMINEN

b. 1971

- Ph.D (Eng.)
- President, Industry & Water and EMEA



EEVA SALONEN

b. 1960

- M.A. (Edu.)
- Executive Vice President, Human Resources

In addition, the following persons have been members of the Management Board during 2017:



HEIDI FAGERHOLM

b. 1964

- D.Sc. (Chem.Eng.)
- Chief Technology Officer until October 31, 2017



TARJEI JOHANSEN

b. 1971

- M. Sc.
- President, Oil & Mining and Americas until March 8, 2017



MICHAEL LÖFFELMANN

b. 1970

- Ph.D. (Eng.).
- Executive Vice President, Projects and Manufacturing Technology, until January 19, 2017

Further information on the Board of Directors and the Management Board is available on www.kemira.com.

Remuneration Statement 2017

Introduction

Kemira remuneration statement describes the company's remuneration principles and the remuneration of the management, i.e., the Board of Directors, the Managing Director, the Deputy Managing Director and the other members of the Management Board in 2017. The remuneration statement has been prepared in accordance with the Finnish Corporate Governance Code 2015.

The remuneration statement is divided into following sections:

1. Main principles of remuneration
2. Decision-making process in remuneration related matters
3. Managing Director, Deputy Managing Director and Management Board remuneration report
4. Board of Directors remuneration report

1. Main principles of remuneration

Kemira reviews its remuneration principles and practices on a regular basis. The remuneration principles are applied to all Kemira employees. Transparency, market driven reward and pay for performance are the main principles of rewarding at Kemira.

The remuneration in Kemira consists of the following main elements:

Base pay and benefits follows local market practices, laws and regulations.

Short-term bonus plans aim to reward for both company and individual performance.

Long-term share incentive plan aims to commit key employees to Kemira, and to combine the objectives and interest of the shareholders and the participants in the plan.

Non-monetary rewarding is an important part of the total remuneration. Kemira is actively developing well-being at work, as well as providing opportunities for development of own job role.



2. Decision-making process in remuneration related matters

The Annual General Meeting decides the remuneration of the Board of Directors for one term of office at a time.

The Board of Directors decides the salaries, other remuneration and the terms of employment of the Managing Director, the Deputy Managing Director and the other members of the Management Board. The Personnel and Remuneration Committee of the Board assists the Board of Directors by preparation of matters related to remuneration of the Managing Director, his Deputy and the members of the Management Board and by preparation of matters pertaining to the compensation systems and long-term incentive plans of the company.

3. Managing Director, the Deputy Managing Director and the Management Board remuneration report

Remuneration of the Managing Director (President and CEO), his Deputy and the other members of the Management Board comprises a base salary, benefits and performance based incentive plans. The incentive plans consist of an annual short-term bonus plan and a long-term share incentive plan.

Members of Kemira Management Board who are employed by a Finnish Kemira company do not have any supplementary pension arrangements in addition to the statutory pensions. Members of Kemira Management Board who are employed by a foreign Kemira company participate in pension systems based on statutory pension arrangements and market practices in their local countries.

The Kemira policy is that all new supplementary pension arrangements are defined contribution plans.

Depending on country practices, mutual termination notice period of 1 to 6 months applies to the other members of the Management Board. In addition a severance payment of 6–9 months' salary is paid to the employee if the employer terminates the employment agreement without cause.

Remuneration paid to the Managing Director, Deputy Managing Director and other members of the Management Board 2017

In 2017, the total remuneration paid to Managing Director Jari Rosendal amounted to EUR 891,000 (2016: EUR 1,494,177), including base salary and benefits, as well as short-term bonus plan based on 2016 earning period of EUR 324,000 (2016: 324,000). The long-term share incentive plan target did not reach the plan threshold level in the earning period 2016, and thus no long-term incentive related reward was paid out in 2017 (2016: 24,968 shares, EUR 603,177).

No remuneration was paid to the Deputy Managing Director based on Managing Director substitution in 2017.

In 2017, the total remuneration paid to the other members of the Management Board amounted to EUR 2,796,597 (2016: 4,998,347), including base salary, severance pay and benefits, as well as short-term bonus plan of EUR 929,188 (2016: 997,872). The long-term share incentive plan target did not reach the plan threshold level in the earning period 2016, and thus no long-term incentive related reward was paid out in 2017 (2016: 71,266 shares, EUR 1,805,836).

Employment terms and conditions of the Managing Director as of December 31, 2017.

BASE SALARY	Annual base salary is EUR 567,000 per year, including a car benefit and a mobile phone benefit.
SHORT-TERM BONUS PLAN	Based on terms approved by the Board of Directors. The maximum bonus is 70 percent of the annual base salary.
LONG-TERM SHARE INCENTIVE PLAN	Based on the terms of the share plan. The maximum reward is determined as a number of shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.
PENSION PLAN	Finnish Employee's Pension Act (TyEL), which provides pension security based on years of service and earnings as stipulated by the law. The retirement age of the Managing Director is based on the Finnish Employee's Pension Act. No supplementary pension arrangements in addition to the statutory pension.
TERMINATION	A mutual termination notice period of six months applies to the Managing Director. The Managing Director is entitled to a severance pay of 12 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.
INSURANCES	The Managing Director has a life and permanent disability-, private accident-, business travel-, and directors' and officers' liability insurances. The Managing Director participates in the company sickness fund.

Remuneration report	Salary and benefits (EUR)	Severance (EUR)	Short-term bonus plan (EUR)	Long-term share incentive plan (EUR)	Total 2017 (EUR)	Total 2016 (EUR)
Managing Director Jari Rosendal	567,000		324,000	0	891,000	1,494,177
Other members of the management board	1,595,866	271,544	929,188	0	2,796,597	4,998,347

Other members of the management board: CFO and Head of Region Americas Petri Castrén, President Pulp and Paper and Head of Region APAC Kim Poulsen, President Industry and Water and Head of Region EMEA Antti Salminen, EVP Operational Excellence Esa-Matti Puputti, EVP Human Resources Eeva Salonen, CTO Heidi Fagerholm January 1 – October 31, 2017, President Oil and Mining and Head of Region Americas Tarjei Johansen, January 1 – March 8, 2017, EVP Projects and Manufacturing Technology Michael Löffelmann January 1 – January 19, 2017.

Short-term bonus plan for the Managing Director, Deputy Managing Director and other members of the Management Board

The short-term bonus plan is determined based on the achievement of the Kemira Group and Segment level and role based performance targets set by the Board of Directors for each financial year.

Maximum reward and criteria 2016

The maximum bonus for the Managing Director was 60% of the annual base salary, for the Managing Director's Deputy 50% and for the other members of the Management Board 50–70% of the annual base salary.

In 2016, performance targets were determined on the basis of the organic revenue growth, operative EBITDA, safety related KPI's of Kemira Group, and role based targets. The reward from the 2016 earning period was paid in February 2017.

Maximum reward and criteria 2017

The maximum bonus for the Managing Director was 70% of the annual base salary, for the Managing Director's Deputy 60% and for the other members of the Management Board 60–80% of the annual base salary.

In 2017, performance targets were determined on the basis of the operative cash flow after investing activities, operative EBITDA, safety related KPI's of Kemira Group, and role based targets. The reward from the 2017 earning period will be paid in February 2018.

Long-term share incentive plan 2015–2017

On December 15, 2014, the Board of Directors of Kemira Oyj decided to establish a long-term share incentive plan directed to a group of key employees in Kemira. The aim of the plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of Kemira, to commit the participants to Kemira, and to offer them a competitive reward plan based on earning Kemira's shares. The Personnel and Remuneration Committee received advice for the planning work of the long-term share incentive plan from external incentive advisors, consultants of Alexander Incentives Oy.

Long-term share incentive plan earning periods, maximum share allocation and criteria 2015–2017

Share incentive plan earning period 2015

The criteria of the plan for the earning period 2015 were based on the Kemira Group's revenue and on the Group's operative EBITDA margin. The reward from the 2015 performance period was paid in 2016, partly in Kemira Oyj shares and partly in cash. Based on the earning period 2015, 294,445 Kemira Oyj shares were paid to 84 participants. In addition, a cash portion corresponding taxes and tax-related cost were paid to the participants.

Share incentive plan earning period 2016

The criteria of the plan for the earning period 2016 were based on the Kemira Group's revenue and on the Group's operative EBITDA margin. The Kemira Group's revenue target did not reach the plan threshold level, and thus there were no shares paid out for the 2016 earning period. The plan was directed to 85 people in 2016. The maximum reward on the basis of the 2016 earning period would have corresponded to the value of total of 504,200 Kemira Oyj shares and additionally, the cash proportion intended to cover taxes and tax-related costs.

Share incentive plan earning period 2017

The criterion of the plan for the earning period 2017 was based on the Kemira Group's Intrinsic Value. The possible reward from the 2017 earning period is paid partly in Kemira Oyj shares and partly in cash in 2018. On the bases of the 2017 earning period the maximum potential reward is corresponding the value of 448,200 Kemira Oyj shares and additionally a cash portion intended to cover taxes and tax related costs. The plan was directed to 79 people in 2017.

The share incentive plan 2018 is unfinished at the balance sheet date on 31 December 2017.

Long-term share incentive plan main rules and conditions

EARNING PERIODS AND CRITERIA	The long-term share incentive plan includes three performance periods: calendar years 2015, 2016 and 2017. The Board of Directors of Kemira decide on the plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period.
REWARDS	The potential reward is paid partly in Kemira's shares and partly in cash. The cash proportion is intended to cover the taxes and tax-related costs arising from the reward to the participant.
RESTRICTION PERIOD	The shares paid as reward may not be transferred during the restriction period, which will end two years from the end of the performance period.
EMPLOYMENT CONDITIONS	As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment. Should a participant's employment or service end during the restriction period, as a rule, he or she must gratuitously return the shares given as reward.
CLAWBACK	Claw back provisions apply to plan rewards in exceptional circumstances, such as misconduct or misstatement of financial results.
SHARE OWNERSHIP GUIDELINES	The Board of Directors recommends that a member of the Management Board will own such number of Kemira's shares that the total value of his or her shareholding corresponds to the value of his or her annual gross salary as long as the membership continues. If this recommendation is not yet fulfilled, the Board of Directors recommends that a member of the Management Board will hold 50 per cent of the number of shares given on the basis of this plan also after the end of the restriction period, as long as his or her shareholding in total corresponds to the value of his or her annual gross salary.

4. Board of Directors remuneration report

According to the decisions of the Annual General Meeting 2017, the members of the Board of Directors are paid an annual fee and a fee per meeting. The members of the Board of Directors are not eligible for the short-term bonus plan or the performance based share plan, or supplementary pension plans of Kemira Oyj.

The annual fees are as follows:

- the Chairman will receive EUR 80,000 per year,
- the Vice Chairman and the Chairman of the Audit Committee EUR 49,000 per year and
- the other members EUR 39,000 per year.

A fee payable for each meeting of the Board and its committees are as follows:

- 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 reimbursed 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 Kemira shares owned by the company or, if this is not possible, Kemira shares acquired from the

securities market, and 60% is paid in cash. The Annual General Meeting decided that the shares will be transferred to the members of the Board of Directors within two weeks after the release of Kemira's interim report January 1–March 31, 2017.

The following amounts of shares were paid on May 9, 2017 as part of the annual fee decided by the Annual General Meeting 2017:

- the Chairman received 2,742 shares,
- the Vice Chairman and Chairman of the Audit Committee 1,680 shares and
- the other members 1,337 shares.

There are no special terms or conditions associated with owning these shares.

The remuneration of the Board of Directors 2017

	2017 (EUR)	2016 (EUR)
Jari Paasikivi, chairman	90,885	91,495
Kerttu Tuomas, vice chairman	57,085	57,091
Wolfgang Büchele	49,549	50,754
Shirley Cunningham	57,949	-
Winnie Fok	4,800	65,154
Kaisa Hietala	47,749	47,154
Juha Laaksonen	2,400	60,691
Timo Lappalainen	59,485	48,354
Total	369,902	420,693

Kemira

KEMIRA IS a global chemicals company serving customers in water intensive industries. We provide expertise, application know-how and chemicals that improve our customers' product quality, process and resource efficiency. Our focus is on pulp & paper, oil & gas and water treatment. In 2017, Kemira had annual revenue of around EUR 2.5 billion and 4,730 employees. Kemira shares are listed on the Nasdaq Helsinki Ltd.

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