



Remuneration Report 2020

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INTRODUCTION

The Remuneration Report describes the remuneration of Kemira Governing Bodies, i.e., the Board of Directors (the “Board”), the President and CEO (the “CEO”) and the Deputy CEO of Kemira Oyj, for the financial year 2020.

The remuneration report is divided into following sections:

- Introduction and letter from the Chairman of the Board and Personnel and Remuneration Committee
- Pay-for-performance during the preceding five years
- Remuneration of the Board of Directors for the preceding financial year
- Remuneration of the CEO and Deputy CEO for the preceding financial year

LETTER FROM THE CHAIRMAN OF THE BOARD AND PERSONNEL AND REMUNERATION COMMITTEE

Dear Shareholders,

As Chairman of the Board and Personnel and Remuneration Committee, I am pleased to present Kemira’s Remuneration Report for the financial year 2020. The Remuneration Report describes the remuneration of Kemira Governing Bodies, i.e., the Board of Directors, the President and CEO and Deputy CEO of Kemira Oyj, for the financial year 2020 as required by the Finnish Securities Market Act, the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code 2020 issued by the Securities Markets Association.

The Remuneration Policy for the Governing Bodies of Kemira Oyj (“Policy”) was approved by the Board and confirmed at the 2020 Annual General Meeting. The Policy provides a framework of the remuneration principles and practices of the Board and CEO of Kemira. Kemira follows a total remuneration approach built around the principles of pay-for-performance,

competitive market driven remuneration and effective communication. In 2020 the remuneration of the Board and CEO follows the Policy and no deviations have been made nor have any clawbacks of remunerations taken place.

Kemira’s financial performance was strong in 2020 despite the challenging business environment. Many actions have been taken to improve Kemira’s profitability over the past years and the company is now fundamentally stronger.

Kemira will continue to follow its remuneration principles aiming to align the interests of the CEO, the operative management and employees with those of our shareholders. Driving future growth while maintaining profitability are strategic priorities of Kemira. These priorities are cascaded to the variable compensation programs continuing to drive company strategy and priorities in a balanced way.

Chairman of the Board and the Personnel and Remuneration Committee,

JARI PAASIKIVI

REMUNERATION REPORT

PAY-FOR-PERFORMANCE DURING THE PRECEDING FIVE YEARS

Kemira is a global company with operations and employees in 37 countries and the remuneration level differ significantly between these countries. To ensure the alignment of the interests of the CEO and the shareholders, the weighting of variable remuneration, and especially long-term incentive plans, in the CEO's total remuneration opportunity is substantial, whereas the employee remuneration is less

volatile as a smaller portion of total remuneration is made up of variable remuneration. The Board members do not participate in any incentive plans and thus the remuneration of the Board is more stable to its nature. The below table sets out the remuneration paid during the respective year, considering that a portion of that remuneration may have been earned during the previous year. Kemira Operative EBITDA in euros has grown during the past five years and Kemira's financial performance was strong in 2020 despite the challenging business environment.

	2016	2017	2018	2019	2020
Annual fee of Board member					
Chairman	80,000	80,000	80,000	92,000	92,000
Vice Chairman, Chairman of Audit Committee	49,000	49,000	49,000	55,000	55,000
Other members	39,000	39,000	39,000	44,000	44,000
CEO fixed remuneration*	567,000	567,000	567,000	588,050	595,350
Development of the fixed remuneration y-o-y	100	100	100	104	101
CEO total remuneration**	1,494,177	891,000	1,021,520	1,109,879	1,713,058
Development of total remuneration y-o-y	100	60	115	109	154
Average remuneration of employees globally***	58,467	58,473	57,101	59,235	58,370
Development of average remuneration y-o-y	100	100	98	104	99
Average headcount****	4,801	4,780	4,809	5,019	5,037
Operative EBITDA M€*****	303	311	323	410	435
Development of Operative EBITDA € y-o-y	100	103	104	127	106

*Paid annual base salary, tax value of benefits

**Paid annual base salary, tax value of benefits, defined contribution pension, short- and long-term incentives

***Employee wages and salaries including accrued short-term incentives, excluding side costs, excluding CEO total remuneration

****Headcount excluding CEO

*****IFRS16 including 2019 and 2020

REMUNERATION OF THE BOARD OF DIRECTORS FOR THE PRECEDING FINANCIAL YEAR

As stated in the Policy confirmed at the Annual General Meeting 2020, the Annual General Meeting may at its discretion decide to remunerate the Board with one or more types of remuneration, such as cash and shares. According to the decisions made in the Annual General Meeting 2020, 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 long-term share incentive plan, or supplementary pension plans of Kemira Oyj.

The annual fees are as follows:

- the Chairman will receive EUR 92,000 per year
- the Vice Chairman and the Chairman of the Audit Committee EUR 55,000 per year
- the other members EUR 44,000 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
- 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 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, 2020. The shares were transferred on May 8, 2020.

In the financial year 2020, the following fees were paid to the members of the Board. No other fees or remuneration were paid to any member of the Board.

REMUNERATION OF THE CEO AND THE DEPUTY CEO FOR THE PRECEDING FINANCIAL YEAR

As stated in the Policy confirmed at the Annual General Meeting 2020, the remuneration of the CEO might comprise base salary and benefits, performance-based incentive plans, supplementary pensions, insurances and other one time payments. In 2020 the remuneration of the CEO comprised base salary and benefits, short-term bonus plan, long-term share incentive plans, insurances and a supplementary pension.

In 2020, the total remuneration paid to CEO Jari Rosendal amounted to EUR 1,713,058 including the base salary and benefits, defined contribution pension plan, short-term bonus based on the 2019 performance period of EUR 384,993 and long-term share incentive based on the performance period 2019 of 22,000 shares, value EUR 613,645 including cash portion of the reward.

The fixed part, consisting of the annual base salary, tax value of benefits, excluding the defined contribution pension plan, of the CEO remuneration was 37% and variable part, consisting of short- and long-term incentives, of the remuneration was 63%, respectively 37% and 63% for the Deputy CEO.

Board of Directors	Annual fee	Remuneration for Board and committee meetings	Total 2020
Paasikivi Jari	92,000	14,400	106,400
Tuomas Kerttu	55,000	10,200	65,200
Lappalainen Timo	55,000	14,400	69,400
Büchele Wolfgang	44,000	16,800	60,800
Hietala Kaisa	44,000	12,000	56,000
Cunningham Shirley	44,000	33,600	77,600
Fuhrmann Werner	44,000	9,600	53,600
Total			489,000

	Annual base salary	Short-term bonus plan	Long-term share incentive plan*	Total 2020
CEO, Jari Rosendal	714,420**	384,993	613,645	1,713,058
Deputy CEO, Jukka Hakkila	184,376***	101,354	214,776	500,506

*Including cash portion of the reward

**CEO annual base salary including annual base salary, tax value of benefits and defined contribution pension plan

***Deputy CEO annual base salary including annual base salary and tax value of benefits. Due to the secondary nature of the Deputy CEO position, the company does not pay remuneration for holding this position. The deputy receives the remuneration that he/she receives based on his/her primary position in the company's organization

REMUNERATION ELEMENT	CEO REMUNERATION	DEPUTY CEO REMUNERATION
Base Salary and Benefits	The annual base salary was EUR 595,350 including car and mobile phone benefit. The CEO did not receive a salary increase in 2020.	The annual base salary was EUR 184,376 including car and mobile phone benefit. The Deputy CEO did not receive a salary increase in 2020.
Supplementary Pension	The supplementary pension was defined as 20% of annual base salary. The value of the defined contribution pension plan was EUR 119,070. The retirement age of the President & CEO is 63 years.	No supplementary pension was offered to the Deputy CEO.
Short-Term Incentives (STI)	<p>The objective of the short-term bonus plans is to drive the annual objectives and priorities of the company, ensuring alignment with the company strategy and the shareholders' interests.</p> <p>Performance period 2019 The maximum STI opportunity was 70% of the annual base salary. No changes were made to the STI maximum opportunity in 2019. The performance criteria were determined on the basis of the operative cash flow after investing activities, operative EBIT in EUR and in margin, safety related KPI's of Kemira Group, and role based targets. The total weighted outcome of the performance criteria was 97%.</p> <p>Performance period 2020 and due payment 2021 The maximum STI opportunity was 70% of the annual base salary. No changes were made to the STI maximum opportunity in 2020. The performance criteria were determined on the basis of the operative cash flow after investing activities, operative EBIT in EUR and in margin, safety related KPI's of Kemira Group, and role based targets. The total weighted outcome of the performance criteria was 81%. Due short-term incentives based on performance period 2020 is EUR 319,901 and will be paid in 2021.</p>	<p>Performance period 2019 The maximum STI opportunity was 60% of the annual base salary. No changes were made to the STI maximum opportunity in 2019. The performance criteria were determined on the basis of the operative cash flow after investing activities, operative EBIT in EUR and in margin, safety related KPI's of Kemira Group, and role based targets. The total weighted outcome of the performance criteria was 96%.</p> <p>Performance period 2020 and due payment 2021 The maximum STI opportunity was 60% of the annual base salary. No changes were made to the STI maximum opportunity in 2020. The performance criteria were determined on the basis of the operative cash flow after investing activities, operative EBIT in EUR and in margin, safety related KPI's of Kemira Group, and role based targets. The total weighted outcome of the performance criteria was 80%. Due short-term incentives based on performance period 2020 is EUR 84,181 and will be paid in 2021.</p>

REMUNERATION ELEMENT	CEO REMUNERATION	DEPUTY CEO REMUNERATION
Long-Term Incentives (LTI)	<p>Performance period 2019 The maximum reward opportunity for the LTI 2019 performance period for the CEO was 22,000 shares and a cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criterion in 2019 was Intrinsic Value and the outcome was 100%. 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. For the reward paid in 2020, the restriction period will end on December 31, 2021.</p> <p>Performance period 2020 and due payment 2021 The maximum reward opportunity for the LTI 2020 performance period for the CEO was 22,000 shares and a cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criterion in 2020 was Intrinsic Value, the outcome of the reward was 68% reflecting 14,960 number of shares. The reward, including the cash portion, will be paid in March 2021. 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. For the reward paid out in 2021, the restriction period will end on December 31, 2022.</p> <p>Ongoing LTI Plans:</p> <ul style="list-style-type: none"> The maximum reward opportunity for the ongoing LTI 2019-2021 performance period for the CEO is 22,000 shares and cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criterion is 2019-2021 Average Intrinsic Value. The possible reward is paid in 2022 The maximum reward opportunity for the ongoing LTI 2020-2022 performance period for the CEO is 22,000 shares and cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criteria are 2020-2022 Average Intrinsic Value and 2020-2022 Average Organic Revenue Growth % p.a. The possible reward is paid in 2023 The maximum reward opportunity for the ongoing LTI 2021-2023 performance period for the CEO is 44,000 shares and cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criterion is 2021-2023 Average Intrinsic Value and 2021-2023 Average Organic Revenue Growth % p.a. The possible reward is paid in 2024 	<p>Performance period 2019 The maximum reward opportunity for the LTI 2019 performance period for the Deputy CEO was 7,700 shares and a cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criterion in 2019 was Intrinsic Value and the outcome was 100%. 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. For the reward paid in 2020, the restriction period will end on December 31, 2021.</p> <p>Performance period 2020 and due payment 2021 The maximum reward opportunity for the LTI 2020 performance period for the Deputy CEO was 7,700 shares and a cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criterion in 2020 was Intrinsic Value, the outcome of the reward was 68% reflecting 5,236 number of shares. The reward, including the cash portion, will be paid in March 2021. 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. For the reward paid out in 2021, the restriction period will end on December 31, 2022.</p> <p>Ongoing LTI Plans:</p> <ul style="list-style-type: none"> The maximum reward opportunity for the ongoing LTI 2019-2021 performance period for the Deputy CEO is 7,700 shares and cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criterion is 2019-2021 Average Intrinsic Value. The possible reward is paid in 2022 The maximum reward opportunity for the ongoing LTI 2020-2022 performance period for the Deputy CEO is 7,700 shares and cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criteria are 2020-2022 Average Intrinsic Value and 2020-2022 Average Organic Revenue Growth % p.a. The possible reward is paid in 2023 The maximum reward opportunity for the ongoing LTI 2021-2023 performance period for the Deputy CEO is 15,400 shares and cash portion intended to cover taxes and the tax related costs arising from the reward. The performance criterion is 2021-2023 Average Intrinsic Value and 2021-2023 Average Organic Revenue Growth % p.a. The possible reward is paid in 2024
	Termination	A mutual termination notice period of 6 months applies to the CEO. He 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 CEO is entitled to insurances such as life and permanent disability, private accident, business travel, and directors' and officers' liability insurance. The CEO participates in the company sickness fund.	The Deputy CEO is entitled to insurances such as life and permanent disability, private accident, business travel, and directors' and officers' liability insurance. The Deputy CEO participates in the company sickness fund.

Kemira

KEMIRA is a global leader in sustainable chemical solutions for water intensive industries. We provide best suited products and expertise to improve our customers' product quality, process and resource efficiency. Our focus is on pulp & paper, oil & gas and water treatment. In 2020, Kemira had annual revenue of around EUR 2.4 billion and around 5,000 employees. Kemira shares are listed on the Nasdaq Helsinki Ltd.

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