

kemira

Remuneration report 2023



Remuneration Report 2023

The Remuneration Report describes the remuneration of Kemira Governing Bodies, i.e., the Board of Directors, the President & CEO and the CEO's Deputy, for the financial year 2023 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 report is divided into following sections:

- Pay-for-performance during the preceding five years.
- Remuneration of the Board of Directors for the preceding financial year.
- Remuneration of the CEO, the CEO's Deputy and the Interim CEO for the preceding financial year.
- Incentive criteria and level of achievement.

Letter from the Chair of the Board and Personnel and Remuneration Committee

Dear Shareholders,

I am pleased to present Kemira's Remuneration Report for the financial year 2023. For Kemira, 2023 was an excellent year financially. Kemira's absolute operative EBITDA reached an all-time high and also Kemira's profitability reached a record-high of 19.7%. Due to exceptional circumstances both within Kemira internally and in the operating environment, the year 2023 was characterized by resilience and adaptability of the organization.

Regrettably, we experienced a significant loss during the year with the passing of our President & CEO, Jari Rosendal. In the face of these challenging times, Kemira's employees and the leadership demonstrated resilience and persistence in continuing to execute its sustainable profitable growth strategy for which the foundation was established under Rosendal's stewardship.

Looking ahead to 2024, Kemira remains committed to its strategy, which the newly appointed CEO, Antti Salminen will be leading. The strategic priorities are embedded in the incentive programs: In addition to financial targets, sustainability targets are incorporated in the two latest performance periods (2023–2025 and 2024–2026) of the long-term incentive program, and the short-term incentive program 2024 includes a new target on strategic revenue growth.

The remuneration of the Board and the CEO follows the Remuneration Policy for the Governing Bodies of Kemira Oyj (the "Policy") that was presented to the Annual General Meeting of Shareholders last time in 2020. In 2023 Kemira followed the Policy without deviations or derogations, and no remuneration was cancelled or reclaimed. The final salary and payments from the ongoing incentive plans made for Jari Rosendal's estate were based on the prevailing regulation and incentive plan terms and conditions.

The Board of Directors reviewed the Policy at the end of 2023 and decided to introduce maximum incentive caps for short-term and long-term incentive programs to the Policy. The revised Policy will be effective from the year 2024, and it will be presented to the Annual General Meeting 2024 for advisory resolution.

The Annual General Meeting 2023 approved the Remuneration Report 2022 in advisory resolution. In this Remuneration Report 2023, the Board has further increased transparency by disclosing the weights and achievements of the short-term and long-term incentive targets.

Kemira continues to follow the total remuneration approach built around the principles of pay-for-performance, competitive market-driven remuneration, and effective communication. These principles aim to align the interests of the CEO, operative management, employees, and shareholders.

MATTI KÄHKÖNEN

Chair of the Board and the Personnel and Remuneration Committee

PAY-FOR-PERFORMANCE DURING THE PRECEDING FIVE YEARS

Kemira is a global company with operations and employees in multiple countries, and market remuneration levels differ significantly between these countries. To ensure alignment between the interests of the CEO and shareholders, a significant portion of the CEO's total remuneration opportunity is attributed to variable components, particularly long-term incentive plans. In contrast, employee remuneration is less volatile, with a smaller proportion of the total remuneration consisting of variable components.

The Board members do not participate in any incentive plans and thus the remuneration of the Board is more stable in nature.

The 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.

Over the past 5-year period, the CEO's actual paid remuneration is well aligned with the company's performance development as visualized in the table and graphs. Kemira has placed an increased focus on profitable growth since 2020. Over the long-term Kemira has become a fundamentally stronger company following numerous actions to improve the company's profitability. The operative EBITDA has grown from EUR 410 million in 2019 to EUR 667 million in 2023.

Five-year development of remuneration and Company performance, EUR	2019	2020	2021	2022	2023
Chair of the Board of Directors*	92,000	92,000	92,000	110,000	118,000
Vice Chair of the Board of Directors, Chair of the Audit Committee*	55,000	55,000	55,000	65,000	67,000
Other members of the Board of Directors*	44,000	44,000	44,000	50,000	52,000
President and CEO, Jari Rosendal total remuneration** (until July 31, 2023)	1,109,879	1,713,058	1,537,148	1,453,573	1,780,946
Interim President and CEO, Petri Castrén total remuneration** (as of July 18, 2023)					228,722
Average of employees remuneration***	59,235	58,370	56,254	65,294	66,527
Average headcount****	5,019	5,037	4,947	4,935	4,945
Operative EBITDA M€	410	435	426	572	667

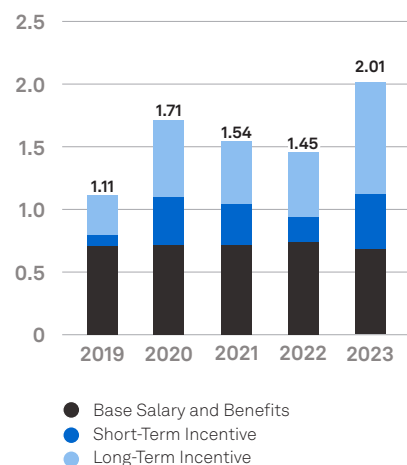
* Annual fee.

** Paid base salary, tax value of benefits, defined contribution pension, short- and long-term incentives as applicable for the period and position. The payments for Jari Rosendal's estate taken place after July 31, 2023 disclosed in the section 'Remuneration of the CEO, the CEO's Deputy and the Interim CEO for the preceding financial year'.

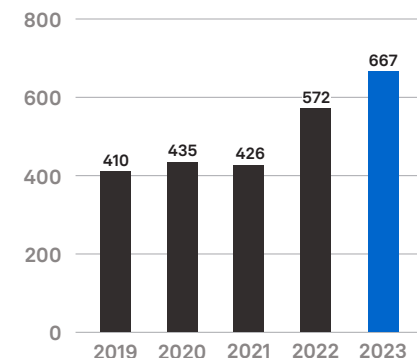
*** Average employee wages and salaries including accrued short-term incentives, excluding side costs, excluding CEO total remuneration.

**** Average headcount excluding CEO.

CEO REMUNERATION EUR MILLION



KEMIRA OPERATIVE EBITDA EUR MILLION



REMUNERATION OF THE BOARD OF DIRECTORS FOR THE PRECEDING FINANCIAL YEAR

As stated in the Policy, 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 2023, 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 Chair receives EUR 118,000.
- the Vice Chair and the Chair of the Audit Committee EUR 67,000.
- the other members EUR 52,000.

A fee payable for each meeting of the Board of Directors and the Board Committees are paid based on the method and place of the meeting as follows:

- EUR 600 for each meeting remotely participated or in the member's country of residence.
- EUR 1,200 for each meeting participated on the same continent of the member's country of residence.
- EUR 2,400 for each meeting participated on a different continent than the member's country of residence.

The meeting fees are paid in cash. Travel expenses are reimbursed according to Kemira's travel policy. In addition, the Annual General Meeting 2023 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.

In the financial year 2023, the following fees were paid to the members of the Board. No other fees or remuneration were paid to any member of the Board.

Board of Directors*	Annual fee, EUR	Remuneration for Board and committee meetings, EUR	Total 2023, EUR
Paasikivi, Annika	67,000	9,600	76,600
Lappalainen, Timo	67,000	12,600	79,600
Fanø, Sejersgård Tina	52,000	12,000	64,000
Fuhrmann, Werner	52,000	14,400	66,400
Lopes Larsen, Fernanda	52,000	12,000	64,000
Pullola, Kristian	52,000	10,800	62,800
Staffas, Mikael	52,000	7,200	59,200
Büchele, Wolfgang	-	5,400	5,400
Cunningham, Shirley	-	4,200	4,200
Total			610,400

*Fernanda Lopes Larsen and Mikael Staffas have been Members of Board of Directors as of March 22, 2023. Wolfgang Büchele and Shirley Cunningham were Members of the Board of Directors until March 22, 2023.

REMUNERATION OF THE CEO, THE CEO'S DEPUTY AND THE INTERIM CEO FOR THE PRECEDING FINANCIAL YEAR

As stated in the Policy, the remuneration of the CEO might comprise base salary and benefits, performance-based incentive plans, supplementary pensions, insurances and other one-time payments.

In 2023 the total remuneration paid to the CEO Jari Rosendal amounted to EUR 4,375,054 including the base salary and benefits, defined contribution pension plan, short-term incentive plan based on the 2022 performance period and long-term share incentive based on the three-year performance period 2020–2022 including the cash portion of the reward. The CEO Jari Rosendal passed away on July 31, 2023. The total remuneration includes the final salary payment and ongoing short- and long-term incentive plans which were calculated based on total weighted outcome of the performance criteria until July 31, 2023. The payment was completed in cash to the decedent's estate. No shares were transferred.

The position of the CEO's Deputy is held as a secondary role by Jukka Hakkila, Group General Counsel. Due to the secondary nature of the responsibilities, the company does not pay remuneration for holding this role, instead, the holder receives remuneration based on their primary position at Kemira. The CEO's Deputy assumed the duties of the CEO for the period of July 11 - July 17, 2023. Jukka Hakkila did not receive additional compensation for the period.

Petri Castrén was appointed as the Interim CEO on July 18, 2023. The remuneration of the Interim CEO consists of a base salary and a short-term incentive plan. Benefits and long-

term share incentive plans are based on his primary position as the CFO .

	Base salary, benefits and supplementary pension, EUR	Short-term incentive plan, EUR	Long-term share incentive plan*, EUR	Total 2023, EUR
CEO, Jari Rosendal**	560,532	637,720	3,176,802	4,375,054
CEO's Deputy, Jukka Hakkila***	197,416	100,114	311,285	608,815
Interim CEO, Petri Castrén***	228,722			228,722

Individual figures presented in the table have been rounded to the nearest exact figure. Therefore, the sum of the individual figures may deviate from the total figure.

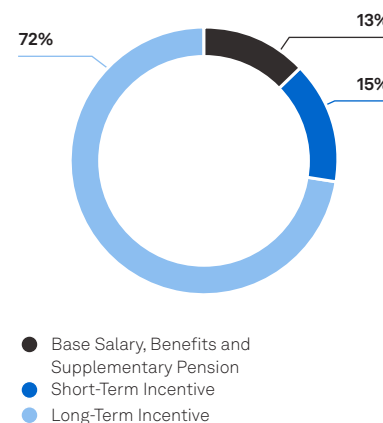
*Including cash portion of the reward intended for taxes.

**CEO fixed salary including base salary, tax value of benefits, supplementary defined contribution pension plan and final salary payment.

The short- and long-term incentive plans include ongoing plans which were paid to the decedent's estate.

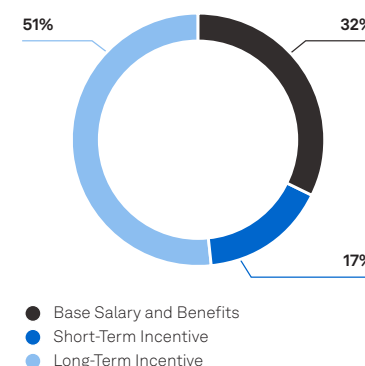
***CEO's Deputy and Interim CEO base salary including tax value of benefits. No supplementary pension is offered to the CEO's Deputy nor Interim CEO. Interim CEO total remuneration as of July 18, 2023.

CEO* REMUNERATION SPLIT IN 2023



* Jari Rosendal

CEO'S DEPUTY REMUNERATION SPLIT IN 2023



REMUNERATION ELEMENT	CEO REMUNERATION	CEO's DEPUTY REMUNERATION	INTERIM CEO REMUNERATION
Base Salary and Benefits	The paid base salary for the period January 1–July 31, 2023 was EUR 383,339 including car and mobile phone benefit. The final salary payment EUR 103,145 took place in September 2023.	The paid base salary for the year 2023 was EUR 197,416 including mobile phone benefit.	The paid base salary for the period July 18–December 31, 2023 was EUR 228,722 including car and mobile phone benefit.
Supplementary Pension	The supplementary pension was defined as 20% of annual base salary. Until July 31, 2023 the value of the defined contribution pension plan was EUR 74,048.	No supplementary pension was offered to the CEO's Deputy.	No supplementary pension was offered to the Interim CEO.
Short-Term Incentives (STI) The performance criterion described in the table on page 20.	<p>Performance period 2022 The maximum STI opportunity was 80% of the annual base salary. The total weighted outcome of the performance criterion was 92%. Short-term incentives based on the 2022 performance period was EUR 434,174, which was paid in 2023.</p> <p>Performance period 2023 The maximum STI opportunity is 80% of the annual base salary. The total weighted outcome of the performance criterion was 72%. The outcome was calculated on pro rata basis until July 31, 2023, and the payment of EUR 203,546 was paid to the decedent's estate in September 2023.</p>	<p>Performance period 2022 The maximum STI opportunity was 60% of the annual base salary. The total weighted outcome of the performance criterion was 91%. Short-term incentives based on the 2022 performance period was EUR 100,114 which was paid in 2023.</p> <p>Performance period 2023 and due payment The maximum STI opportunity is 60% of the annual base salary. The total weighted outcome of the performance criterion was 71%. Due short-term incentives based on the 2023 performance period is EUR 80,534 and will be paid in 2024.</p>	<p>Performance Period 2022 The STI for the performance period 2022 for the Interim President & CEO was based on his main position as CFO.</p> <p>Performance period 2023 and due payment The maximum STI opportunity is 80% of the annual base salary. The total weighted outcome of the performance criterion was 75%. Due short-term incentives based on performance period 2023 is EUR 315,000 and will be paid in 2024.</p>
Long-Term Incentives (LTI) The performance criterion described in the table on page 20.	<p>Performance period 2020-2022 The maximum reward opportunity for the PSP2020–2022 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 2020–2022 reward opportunity was 50% of the typical annual reward opportunity due to a gradual shift from one-year performance periods to three-year performance periods. The outcome of the reward was 100%, reflecting 22,000 number of shares. The reward EUR 889,385, including the cash portion, was paid in March 2023.</p> <p>Other Performance periods The total amount of EUR 2,287,417 was paid in September 2023 to the decedent's estate based on the ongoing Long-term incentive plans PSP2021-2023, PSP2022-2024 and PSP2023-2025. The payment was calculated based on total weighted outcome of the performance criterion with pro rata eligibility until July 31, 2023. The payment was completed in cash in September 2023. No shares were transferred.</p>	<p>Performance period 2020-2022 The maximum reward opportunity for the PSP2020–2022 performance period for the CEO's Deputy was 7,700 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The 2020–2022 reward opportunity was 50% of the typical annual reward opportunity due to gradual shift from one-year performance periods to three-year performance periods. The outcome of the reward was 100% reflecting 7,000 shares. The reward EUR 311,285, including the cash portion, was paid in March 2023.</p> <p>Performance period 2021–2023 and due payment The maximum reward opportunity for the PSP2021–2023 performance period for the CEO's Deputy is 15,400 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The outcome of the reward is 100% reflecting 15,400 shares. The reward will be paid in 2024.</p>	<p>Performance Period 2020-2022 The maximum reward opportunity and payment for the PSP2020-2022 performance period for the Interim CEO was based on his main position as CFO.</p> <p>Performance Period 2021-2023 and due payment The maximum reward opportunity for the PSP2021-2023 performance period for the Interim CEO was based on his main position as CFO. The maximum reward opportunity for the PSP 2021–2023 performance period was 22,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The outcome of the reward is 100% reflecting 22,000 shares. The reward will be paid in 2024.</p>

REMUNERATION ELEMENT	CEO REMUNERATION	CEO's DEPUTY REMUNERATION	INTERIM CEO REMUNERATION
	not applicable	<p>Ongoing LTI Plans:</p> <ul style="list-style-type: none"> The maximum reward opportunity for the ongoing PSP2022–2024 performance period for the CEO's Deputy is 15,400 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025. The maximum reward opportunity for the ongoing PSP2023–2025 performance period for the CEO's Deputy is 15,400 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2026. The maximum reward opportunity for the ongoing PSP2024–2026 performance period for the CEO's Deputy is 15,400 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2027. 	<p>Ongoing LTI Plans:</p> <p>The maximum reward opportunity for the ongoing LTI plans for the Interim CEO are based on his main position as CFO.</p> <ul style="list-style-type: none"> The maximum reward opportunity for the ongoing PSP2022–2024 performance period is 22,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025. The maximum reward opportunity for the ongoing PSP2023–2025 performance period is 22,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2026. The maximum reward opportunity for the ongoing PSP2024–2026 performance period is 22,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2027.
Termination	not applicable	A mutual termination notice period of 6 months applies to the CEO's Deputy. He is entitled to a severance pay of 6 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.	The employment terms of the Interim CEO are based on his main position as CFO. A mutual termination notice period is 6 months. He is entitled to a severance pay of 6 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.
Insurance	not applicable	The CEO's Deputy is entitled to insurances such as life and permanent disability, private accident, business travel, and directors' and officers' liability insurance. The CEO's Deputy participates in the company sickness fund.	The insurances offered to the Interim CEO are based on his main position as CFO. He is entitled to insurances such as life and permanent disability, private accident, business travel, and directors' and officers' liability insurance. The Interim CEO participates in the company sickness fund.

INCENTIVE CRITERIA AND LEVEL OF ACHIEVEMENT

The objective of the incentive programs is to drive the short- and long-term objectives and priorities of the company, ensuring alignment with the company strategy and the shareholders' interests. For more details of the Incentive programs see [kemira.com](https://www.kemira.com).

CEO, CEO'S DEPUTY AND INTERIM CEO SHORT-TERM INCENTIVE CRITERIA AND LEVEL OF ACHIEVEMENT

Performance Period	Paid in	Incentive Criteria	Weight	Level of Achievement
2022 STI	2023	Group Organic Revenue	30%	At maximum
		Group Operating Profit	30%	At maximum
2023 STI	2024	Group Organic Revenue	30%	At maximum
		Group Operating Profit	30%	At maximum
2024 STI	2025	Group Organic Revenue	30%	At maximum
		Group Operating Profit	30%	At maximum

CEO, CEO'S DEPUTY AND INTERIM CEO LONG-TERM INCENTIVE CRITERIA AND LEVEL OF ACHIEVEMENT (PERFORMANCE SHARE PLAN 'PSP' WITH 3-YEAR PERFORMANCE PERIOD)

Performance Period	Paid in	Incentive Criteria	Weight	Level of Achievement
PSP2022–2024	2025	Average Organic Revenue	20%	At maximum
		Average Intrinsic Value p.a.	80%	
PSP2023–2025	2026	Average Organic Revenue	20%	
		Average ROCE-% p.a.	60%	
PSP2024–2026	2027	Average Organic Revenue	20%	
		Kemira CO ₂ emission reduction from Scope 1 & 2 by 2025	10%	
		Revenue Growth of Renewable products by 2025	10%	
		Average ROCE-% p.a.	60%	
PSP2024–2026	2027	Average Organic Revenue Growth % p.a.	20%	
		Kemira CO ₂ emission reduction from Scope 1 & 2 by 2026	10%	
		Revenue Growth of Renewable products by 2026	10%	

KEMIRA is a global leader in sustainable chemical solutions for water-intensive industries. Our customers include industrial and municipal water treatment, and pulp & paper industry among others. We provide the best-suited products and services to improve our customers' product quality, process, and resource efficiency. Our focus is on water treatment, renewable solutions, and digital services. In 2023, Kemira had annual revenue of around EUR 3.4 billion and around 5,000 employees. Kemira shares are listed on the Nasdaq Helsinki Ltd.

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