



Corporate Governance Statement 2013

Kemira

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Corporate Governance Statement 2013

(Unofficial translation of the Finnish original)

GENERAL

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.

This statement is presented separately from the report by the Board of Directors.

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 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. 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 www.kemira.com > Investors > Corporate Governance > Remuneration.

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 Chairman and 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.

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 www.kemira.com > Investors > Corporate Governance > Remuneration.

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 remuneration of the members of the Management Board are described in a separate Remuneration Statement which is available on Kemira's website www.kemira.com > Investors > Corporate Governance > Remuneration.

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 co-ordination 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 at www.kemira.com > Investors > Corporate Governance > Insiders.

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 EUR1.1 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 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.

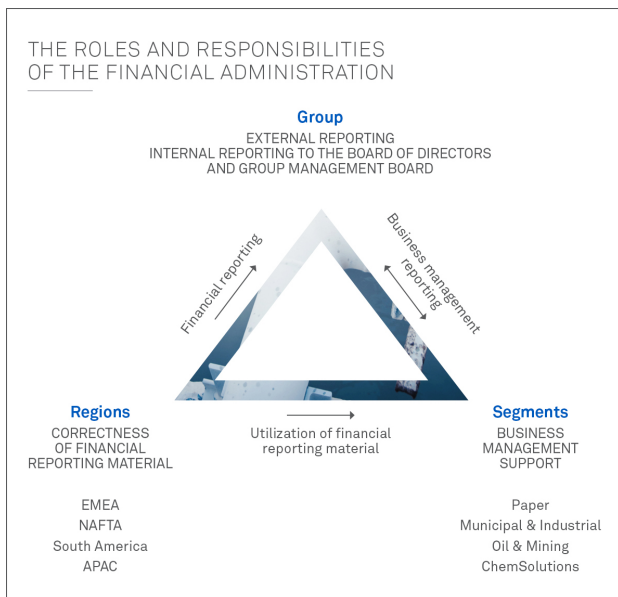
The following describes how Kemira's risk management and internal control work in connection with the financial reporting process to ensure that the financial reports published by the Company give essentially correct information of the Company's financial situation.

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 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.

The risk assessment is documented and made available to the persons concerned. The Group's financial administration and Risk Management is responsible for risk documentation being up-to-date and that the risks are 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.

Personal data

Board of Directors	
<p>Jukka Viinanen b. 1948 M.Sc. (Tech.) Chairman of the Board</p>	<p>Winnie Fok b. 1956 B.Comm. Member of the Board</p>
<p>Jari Paasikivi b. 1954 M.Sc. (Econ.) Vice Chairman of the Board</p>	<p>Juha Laaksonen b. 1952 B.Sc. (Econ.) Member of the Board</p>
<p>Elizabeth Armstrong b. 1947 Ph.D. Member of the Board (until March 26, 2013)</p>	<p>Kerttu Tuomas b. 1957 B.Sc. (Econ.) Member of the Board</p>

Managing director, Deputy CEO and Members of the Management Board	
<p>Wolfgang Büchele b. 1959 Dr. rer. nat. Managing Director, Chairman of the Management Board</p>	<p>Petri Helsinki b. 1966 M.Sc. (Chem. Eng.), M.Sc. (Econ.) President, Paper</p>
<p>Hilton Casas de Almeida b. 1961 B.Sc. (Chemistry) President, Region South America</p>	<p>Randy Owens b. 1964 B.Sc. MBA President, Oil & Mining and Region NAFTA</p>
<p>Petri Castrén b. 1962 LL.M., MBA CFO</p>	<p>Antti Salminen b. 1971 PhD (Eng.) EVP, Supply Chain Management</p>
<p>Joe Chan b. 1956 Executive MBA (CEIBS) President, Region APAC</p>	<p>Eeva Salonen b. 1960 M.A. EVP, Human Resources</p>
<p>Heidi Fagerholm b. 1964 D.Sc. (Chem.Eng.) CTO</p>	<p>Hannu Virolainen b. 1963 M.Sc. Economics, M.Sc. Agriculture President, ChemSolutions and EHSQ/PSRA</p>
<p>Jukka Hakkila b. 1960 LL.M. Group General Counsel, Deputy CEO, Secretary of the Management Board</p>	<p>Frank Wegener b. 1962 PhD (Technical Chemistry) President, Municipal & Industrial and Region EMEA</p>