Kemira
Where water meets chemistry™

Annual Report 2014

The Kemira Annual Report 2014 consists of four modules. By clicking the titles below, you can jump directly into each module with its own table of contents.

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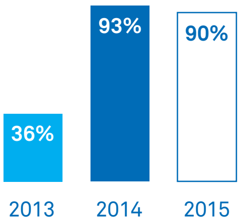
All forward-looking statements in this report are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

Highlights 2014

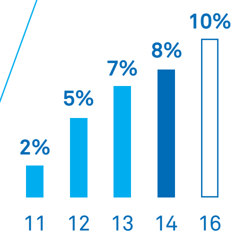
Suppliers

Target: ≥ 90% of supplier contracts with signed Code of Conduct for Suppliers, Distributors and Agents as attachment by 2015



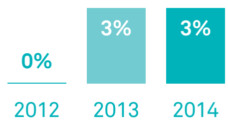
Innovation

Target: Innovation revenue share 10% of total revenue in 2016

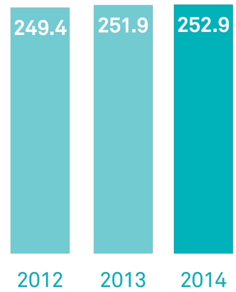


Financial guidance and performance

Organic revenue growth: 0–5%

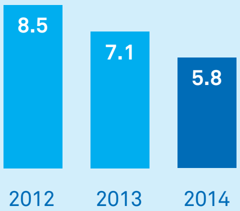


Operative EBITDA (EUR mill.)**:** approximately at the level of 2013



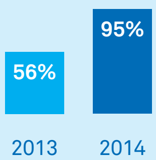
Employees

Safety target: Achieve zero injuries



Number of Total Recordable Injuries (TRI) per million hours, Kemira + contractor, 1 year rolling average.

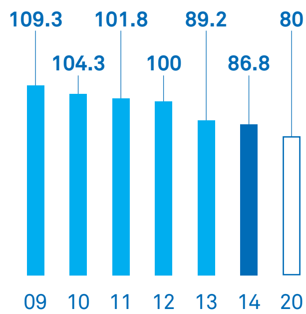
Performance management target: Kemira employees covered by the global Performance Management process > 95% by the end of 2014



Climate change

Target: Kemira Carbon Index ≤ 80 by 2020

The Kemira Carbon Index covers CO2 emissions of Scope 1 and Scope 2, excluding direct emissions from chemical processing, and is not dependent on production structure or volumes.



Q1

- Telemaco Borba (BR) process chemical expansion announced
- EMEA Business Service Center opening (PL)
- Completion of formic acid business divestment

Q2

- Tarragona (ES) coagulant site launched
- New President & CEO Jari Rosendal started
- BASF AKD emulsion acquisition completed
- Kemira chosen to supply sodium chlorate to Klabin (BR)
- Pulp chemical deliveries to Montes del Plata (UY) started

Q3

- AkzoNobel paper chemical acquisition (preliminary agreement)
- Baseline study of water resources in Guangxi (CN), a joint Kemira and Stora Enso community engagement & water stewardship program
- Oulu (FI) pulp chemicals expansion
- Kemira (SE) wins ”energy smart company” prize

Q4

- Paper chemicals capacity expansion (IT)
- Kemira recognized in CDP's Nordic Climate Disclosure Leadership Index
- Kemira position paper and stakeholder contact program as a response to the European Commission public consultation on water reuse
- Nanjing (CN) process chemical site ramped up

CEO STATEMENT

AIMING AT clear targets

After the recent restructuring phase, Kemira turns a new chapter towards growth. This is enabled by clear strategic focus, customer-driven innovation, responsible business practices and engaged professionals.

When I started leading the team of highly skilled Kemira experts in the beginning of May, I inherited a company whose financial position is strong and stable, and well geared towards profitable growth. Our strategic focus is clear: we provide application know-how and chemicals that improve our customers' water, energy and raw material efficiency in water-intensive industries. Sustainability aspects are deeply encoded in Kemira's DNA through this focus.

In the past few years, we have restructured our organization and way of working towards more efficient and economical settings. Now Kemira's restructuring has been largely accomplished and we can focus on reaching our targets: EUR 2.7 billion revenue and 15% operative EBITDA margin level by end of 2017.

THREE STRONG BUSINESS SEGMENTS

Our three segments have clear strategic objectives in driving these targets. We expect profitable, above-the-market growth from Paper and Oil & Mining, while the Municipal & Industrial segment focuses on ensuring the equally important cash generation. In Paper, changes in the customer industry and its geographic focus, changing consumption patterns and the arising bio-economy create new opportunities for us. In Oil & Mining, we aim to further strengthen our market position through better customer intimacy and continuous innovation. The business is cyclical by nature, and we are well prepared for the possible implications, e.g. oil price fluctuations. In Municipal & Industrial, regulation relating to water and sludge treatment is the key market driver.

Our customers in these segments are directly involved in the utilization of natural resources. Commitment to sustainable business is essential for our customers not only because their actions are subject to tight regulation and scrutiny, but also because sustainable business brings cost-savings and competitive advantages for them. Kemira participates in these value chains and is expected to demonstrate the same high commitment to sustainable business. We have set clear targets for our sustainability performance as described in our GRI report, and are aligning our activities to the Principles of the UN Global Compact.

TARGETING ABOVE-THE-MARKET GROWTH

In 2014, we reached EUR 2.1 billion (2.2) revenue and 11.8% (11.3%) operative EBITDA margin. Kemira's organic revenue growth in 2014 was 3%, which was within our guidance for 2014 (0–5%).

To reach our growth targets going forward, we will continue to invest in customer-driven innovation, capacity-building in growing business segments, continuous efficiency improvements as well as selective acquisitions and expansion into selected emerging markets.

Growing business in the emerging markets sets new demands on transparency and inclusiveness, highlighting the importance of responsible business conduct throughout the value chain. In 2014, we e.g. carried out an in-depth assessment of 49 core suppliers and conducted a Human Rights Risk Assessment.

The AkzoNobel paper chemicals acquisition, which we are looking forward to closing in early 2015, further enhances our position in APAC and in the packaging, board and tissue applications. Successful integration of this business to our operations in 2015–2016 is a high priority large-scale project for us.

INVESTING IN INNOVATION, EXPERTISE AND COMPETENCIES

Kemira's industry expertise in our three segments enables us to be an innovation partner for our customers. We strive to extend the concept of value beyond immediate financial rewards. Sustainability aspects are included as a key feature in our offering and we have integrated sustainability checks to all our new product development projects. Innovation and growth do not happen unless driven by motivated and able people and good leadership. This is why we invest in Kemira people and have identified high employee engagement as one of our key targets. The restructuring phase had an understandable impact on our employees but the latest engagement surveys show that we are moving into the right direction – ready to look ahead with an enthusiastic and positive mindset.

OUTLOOK FOR 2015 AND BEYOND

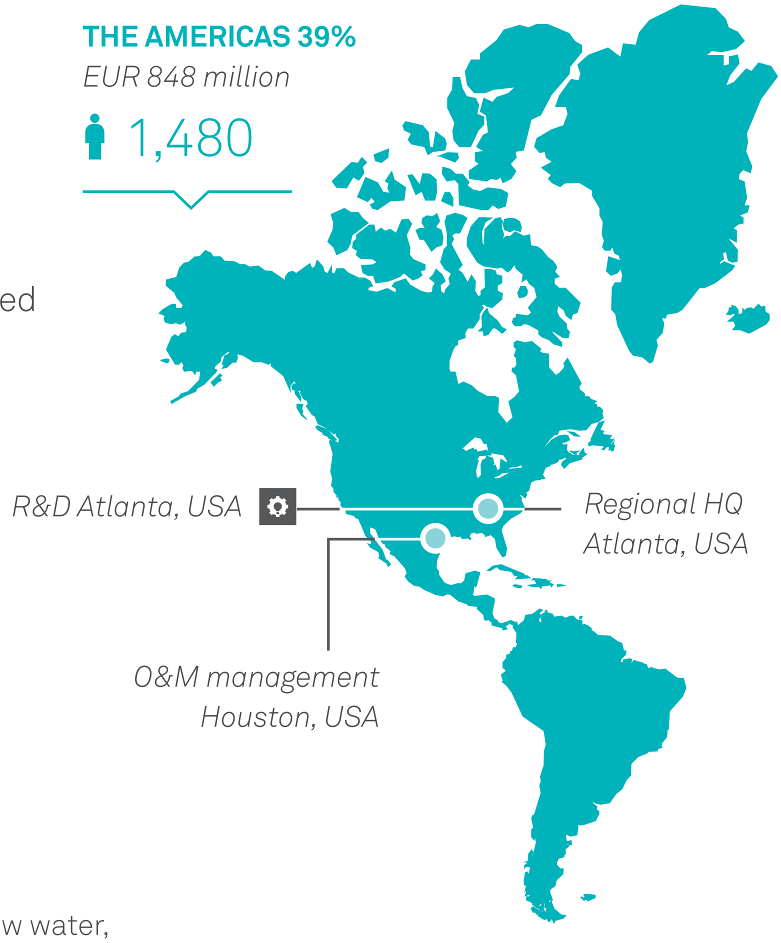
Going forward, we expect our relevant market (EUR 19.2 billion in 2014) to grow to about EUR 23 billion in 2020 (CAGR 3.0%). Through our strategic choices, we are well positioned to grow above-the-market. It is important that we stay attentive to our customers' changing business requirements and open to continuous learning and positive change. In our corporate responsibility target setting we direct the development towards longer-term, more ambitious targets, which clearly measure the external impacts of Kemira's operations. We're keeping our eyes firmly on the ball, working hard to hit our targets.

Jari Rosendal
President and CEO

Kemira
IN BRIEF

Kemira is a global chemicals company that provides expertise, application knowhow and tailored formulations of chemicals to improve its customers' water, energy and raw material efficiency. We have organized our business along three segments:

THE AMERICAS 39%
EUR 848 million
1,480



PAPER
Application knowhow and chemicals for pulp, paper, board and tissue production

OIL & MINING
Application knowhow and chemicals for oil, gas and metals recovery

MUNICIPAL & INDUSTRIAL
Application knowhow and chemicals for raw water, process water, waste water and sludge treatment

Kemira has a business presence in 40 countries and our products are sold in more than 100 countries. We employ approximately 4,250 professionals worldwide and have a global manufacturing network of 59 sites. After our recent restructuring phase we are now focusing on growth, targeting EUR 2.7 billion revenue and an operative EBITDA margin of 15% by the end of 2017. In 2014, we reached EUR 2.1 billion (2.2) revenue and 11.8% (11.3%) operative EBITDA margin. The company is headquartered in Helsinki, Finland, and listed on the NASDAQ OMX Helsinki.

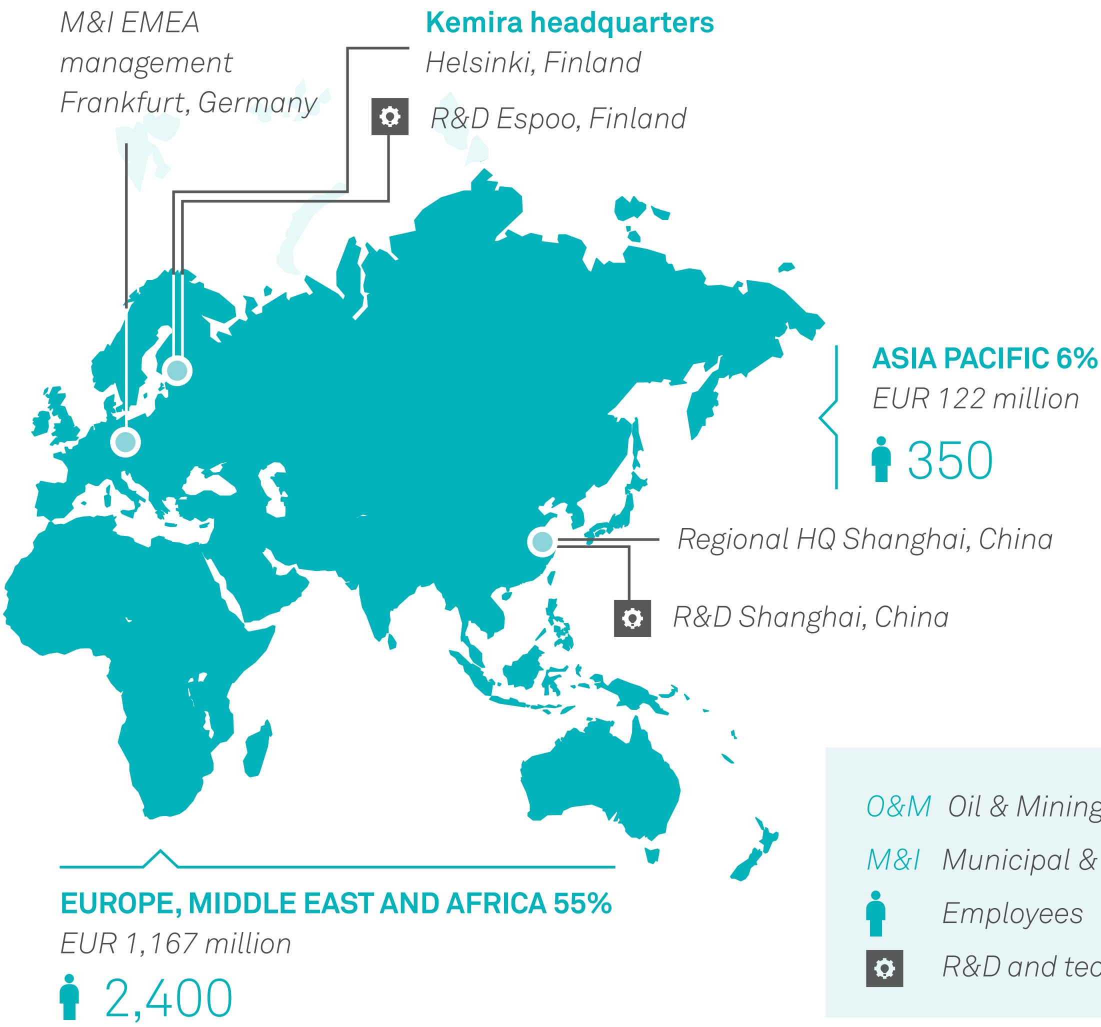
ECONOMIC VALUE CREATED:

In 2014, Kemira distributed (EUR million) to:

→ 111.8 shareholders & lenders

→ 33.4 society, corporate income taxes

(on cash basis)



O&M Oil & Mining

M&I Municipal & Industrial

Employees

R&D and technology centers

Kemira

BUSINESS model

Funding model

Equity	Liabilities	Cash
1,163 EUR mill.	605 EUR mill.	119 EUR mill.

Infrastructure

Business units in 40 countries

59 manufacturing sites

Sales in more than 100 countries

Innovation

KEY INNOVATIONS & TECHNOLOGIES:
- → Water treatment
- → Sludge treatment
- → Microbial Control
- → Scale control
- → Bleaching of pulp
- → Wet-end management
- → Retention control
- → Dry & wet strength improvement
- → Hydrofobation of paper & board
- → Surface treatment of paper & board
- → Chemically enhanced oil recovery
- → Friction reduction
- → Rheology modification
- → Pellet binders

SUSTAINABILITY FOCUS AREAS:
- → Lifecycle approach in new product development
- → Product stewardship
- → Innovation revenue 10% of total revenue by 2016

BUSINESS ACTIVITIES

Manufacturing

LEAN CULTURE

MAIN TECHNOLOGIES:
- → Polymerization technologies
- → Iron and aluminium coagulants
- → Chemical formulation
- → Sizing technologies
- → Peroxide technologies
- → Chlorate technologies

SUSTAINABILITY FOCUS AREAS:
- → Kemira Carbon Index

Strategy

Improving our customers' water, energy and raw material efficiency.

Targets: Revenue EUR

2.7 billion

BY 2017, EBITDA 15%

Product portfolio management, business development and sales

ORGANIZED PER SEGMENT

Other key processes

SOURCING

Sustainability focus areas:
- → Kemira Code of Conduct for Suppliers, Distributors and Agents
- → Supplier sustainability assessment and performance management

HUMAN CAPITAL

Sustainability focus areas:
- → Employee engagement, performance management, leadership development
- → Occupational safety (TRI)
- → Local community involvement

FINANCIAL CAPITAL & ASSETS
- → Manage financial reporting + processes + controls
- → CAPEX EUR 145.1 million
- → R&D spend EUR 28 million

RISK, COMPLIANCE, RESILIENCY
- → UN Global Compact & Responsible Care Signatory
- → Corporate Governance
- → Kemira Code of Conduct and Compliance Program
- → Enterprise risk management

INPUTS

People & know-how

4,250
professionals worldwide

Relationships

- → Key accounts and suppliers
- → Distributors & agents represent approx. 25% of sales
- → Suppliers of recycled raw-materials

Innovation & Intellectual Property

250
R&D experts

300	patent families
1,300	patents

- → R&D hubs in Finland, China and USA

Raw materials and suppliers

- → Total materials purchased: 3.6 million tons
- → 25% recycled input materials
- → Partial backward integration into electricity, AKD wax, ASA, monomers
- → 650 raw material suppliers
- → 120 core suppliers (80% of direct material spend)

OUTPUTS

Products & technologies:
MARKET-LEADING POSITIONS
(Market share)

NO. 1 in coagulants, sizing chemicals

NO. 2 in polyacrylamides, bleaching chemicals

Services

- → Application support with products
- → Process control & monitoring services
- → Kemira Operon, waste water treatment plant operation service
- → Kemira LumiKem, real-time wastewater treatment monitoring

Other outputs

- → Greenhouse gases, 1,000 tonnes (Scope 1): 144
- → Total waste disposal 64,000 tonnes
- → Wastewater treated, million m³: 2.2

OUTCOMES

Shareholders & lenders

- → Revenue EUR 2.1 billion
- → Operative EBITDA EUR 252.9 million
- → EUR 111.8 million paid in dividends and interest expenses*

Suppliers

Payments to suppliers of raw materials, goods and services EUR 1,683.5 million*

Employees

- → Employee health & safety
- → Wages, salaries and social expenses EUR 283.3 million*
- → Continuously improved skills and competencies

Society

- → **Income taxes: EUR 33.4 million***
- → Conservation of natural resources through use of recycled raw materials and energy efficiency
- → **17,000 million m³ purified water** with Kemira's products
- → **600 billion boxes** for packaging, **150 billion copies** of magazines and catalogues, and **20 billion cartons** of milk, juice or other liquids produced with Kemira products in 2014
- → **1500 million barrels oil** equivalent (MBOE) of oil and gas extracted in 2014 with Kemira products

Customers

- → Improved customer processes and products
- → Water, energy and raw material efficiency
- → Sustainable products & solutions

VALUE CREATED – KEMIRA REVENUE SPLIT BY CUSTOMER BENEFIT:

- → Product quality or product yield optimization: 50%
- → Process or energy efficiency: 20%
- → Water quality or regulatory compliance related to wastewater and sludge treatment: 30%

*on cash basis

KEY PROCESSES CONTRIBUTING TO SUSTAINABLE value CREATION

Kemira's strategy, commitment to international principles, and stakeholder expectations guide our corporate responsibility approach and target-setting.

KEMIRA STRATEGY

- → Business and value creation model

STAKEHOLDER EXPECTATIONS

- → Customers
- → Investors & lenders
- → Employees

COMMITMENTS, GUIDELINES AND PRINCIPLES

- → UN Global compact
- → Responsible Care
- → Kemira Code of Conduct

- → Focus areas
- → Targets
- → KPI's

Responsible business practises

RISK, COMPLIANCE, RESILIENCY

RESPONSIBLE BUSINESS PRACTICES

Trust, reputation and integrity have a significant impact on our stakeholder relations and ability to create value. The Kemira Compliance Program and its core instrument, the Kemira Code of Conduct, drive responsible business practices throughout our organization. These elements are supported by subject-specific policies, standards and processes. We utilize online and classroom educational methods to ensure all Kemira employees know how to act responsibly, e.g. electronic training courses regarding the Code, competition law, insider information and anti-bribery. Non-compliance issues can be reported through our Ethics and Compliance Hotline and are governed by the Compliance Committee.

Kemira's Risk Management focuses on systematic and proactive identification, analysis and management of various risks related to Kemira's business, such as strategic, operational, hazard and financial risks.

INNOVATION

SUSTAINABLE PRODUCTS AND SOLUTIONS

We provide expertise, application know-how and chemicals that improve our customers' water, energy and raw material efficiency. In other words, sustainability aspects are a key feature in our offering.

Our main innovations, technologies and products are described in the Kemira business model. All our New Product Development (NPD) projects apply sustainability checks at different development gates. We push for solutions that improve sustainability compared to those already available on the market.

WE AIM TO INCREASE OUR INNOVATION REVENUE FROM THE CURRENT 8% TO 10% OF TOTAL REVENUE BY 2016.

Product stewardship and regulatory compliance is essential for Kemira in order to ensure the continuity of our business. We perform compliance checks and product safety assessments on our chemical products and provide information on their safe use. We ensure that all required registrations are in place to comply with regulation, and that health and environmental matters as well as regulatory requirements are thoroughly considered in New Product Development projects.

VALUE CREATED - KEMIRA REVENUE SPLIT BY CUSTOMER BENEFIT:

- → Product quality or product yield optimization: 50%
- → Process or energy efficiency: 20%
- → Water quality or regulatory compliance related to wastewater and sludge treatment: 30%

Paper success story

IMPROVING THE TISSUE INDUSTRY'S SUSTAINABILITY

Kemira FennoClean™

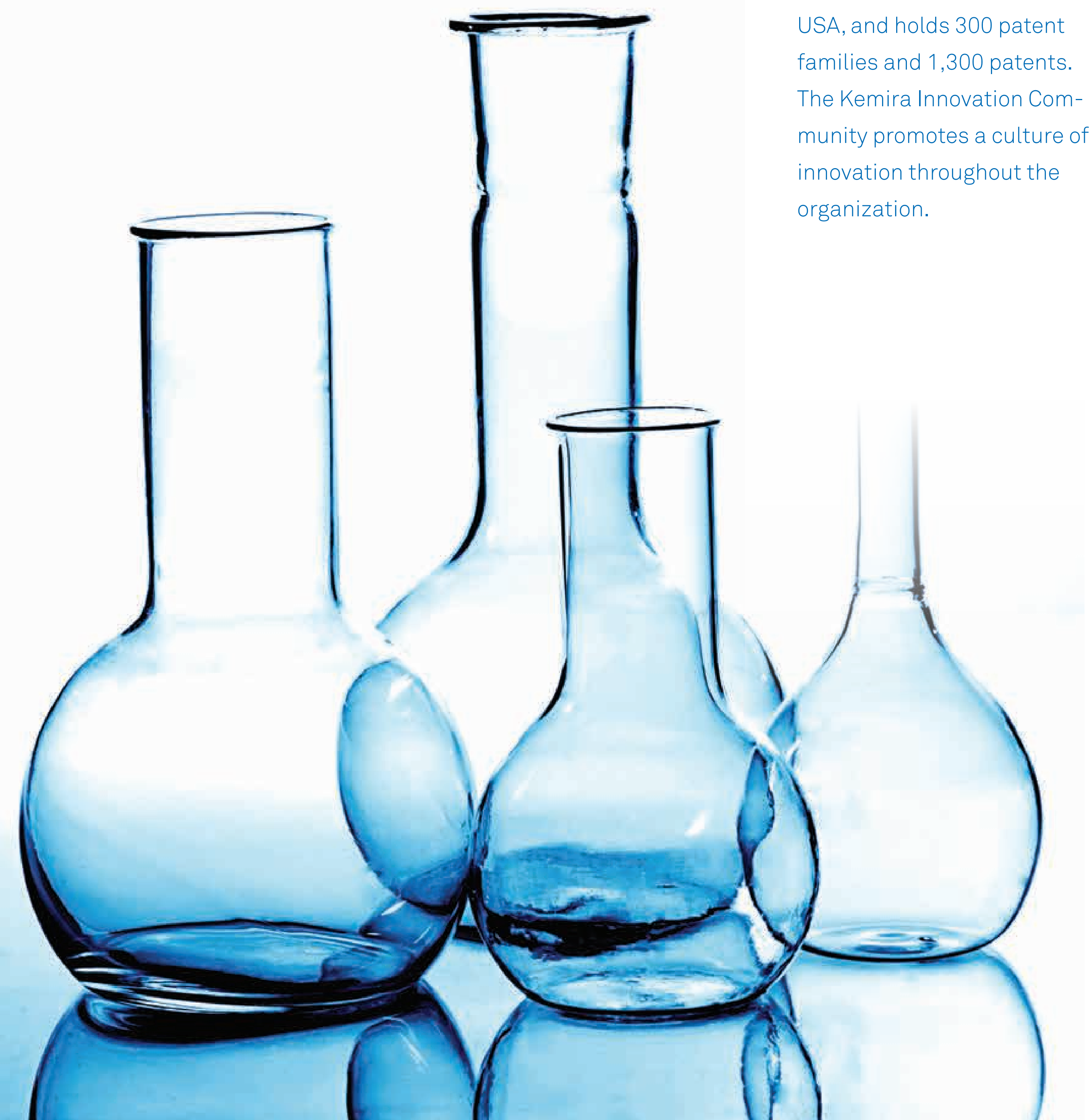
INDUSTRY CHALLENGE	SOLUTION	BENEFITS
The tissue industry needs a system that keeps the process free from microbiological deposits without creating any harmful residuals.	Efficient and less hazardous disinfecting is achieved with FennoClean.	Cleanliness, hygiene and non-toxicity of end-product.

Achieve cleanliness with improved sustainability.

Less harmful to equipment and the environment than more hazardous biocides.

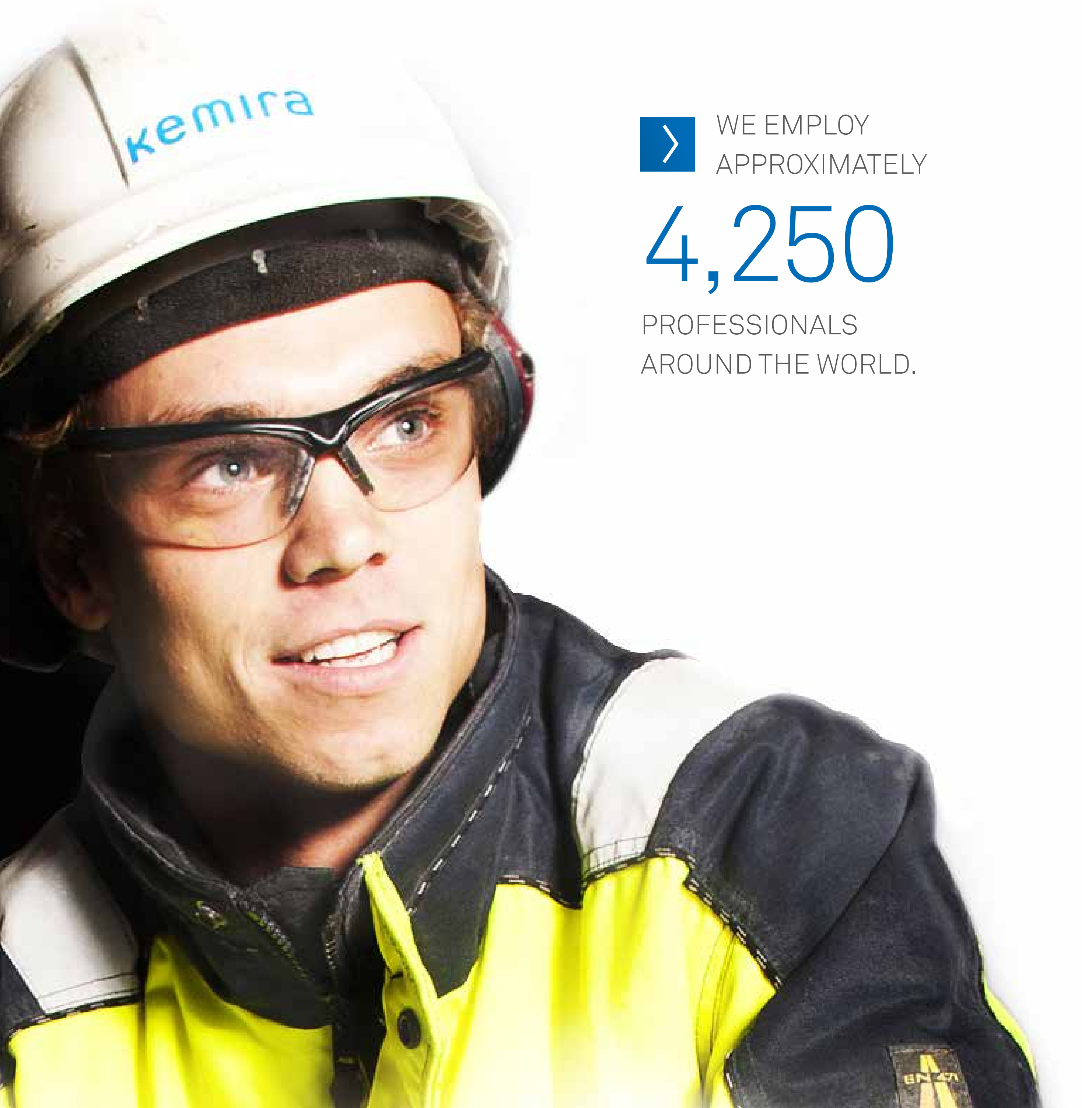
INNOVATIONS FOR customer **success**

We are an innovation partner for our customers. This requires good customer understanding and attentiveness to their needs. Kemira employs about 250 R&D experts in three innovation hubs in Finland, China and USA, and holds 300 patent families and 1,300 patents. The Kemira Innovation Community promotes a culture of innovation throughout the organization.



HUMAN CAPITAL

Responsibility
FOR EMPLOYEES



WE EMPLOY APPROXIMATELY

4,250

PROFESSIONALS AROUND THE WORLD.

OUR VALUES, CREATED TOGETHER BY ALL KEMIRA EMPLOYEES, GUIDE OUR WAY OF WORKING:

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

Kemira's responsibility for employees is managed through specific targets and programs for performance management, leadership development, employee engagement and occupational health and safety – ensuring the necessary know-how, strong leadership, engaged people and safety in the workplace to enable successful business execution.

Occupational safety is important to us not only because of the nature of our industry, but because it is important to our internal and external stakeholders. A strong culture for safety also lowers costs associated with workplace injuries. Our safety performance is measured by TRI frequency (Total Recordable Injuries per million work hours). At the end of 2014, we reported 5.8 injuries. Our performance has been improving compared to baseline year 2012.

VALUE CREATED: IN 2014, KEMIRA DISTRIBUTED EUR 283 MILLION IN ECONOMIC VALUE TO ITS EMPLOYEES IN FORM OF SALARIES AND SOCIAL EXPENSES.

(on cash basis)

Open House at Kemira's Helsingborg site

Involvement with the local communities where we operate is one of Kemira's corporate responsibility focus areas, because it has a positive impact on both community acceptance and employee engagement. The target is to engage all Kemira sites with over 50 employees (26 sites in 2014) in local community initiatives at least once during the period 2013–2015. One of such events in 2014 was the Helsingborg manufacturing site's Open House in Sweden, where 1,100

locals were able to learn more about our chemicals manufacturing and the value Kemira is creating in the local community.

MANUFACTURING

RESPONSIBLE MANUFACTURING

Our Environmental, Health, Safety and Quality (EHSQ) vision consists of three elements: “Zero environmental harm”, “Zero harm to people”, and “Customer satisfaction”. We take matters of safety extremely seriously in all our operations.

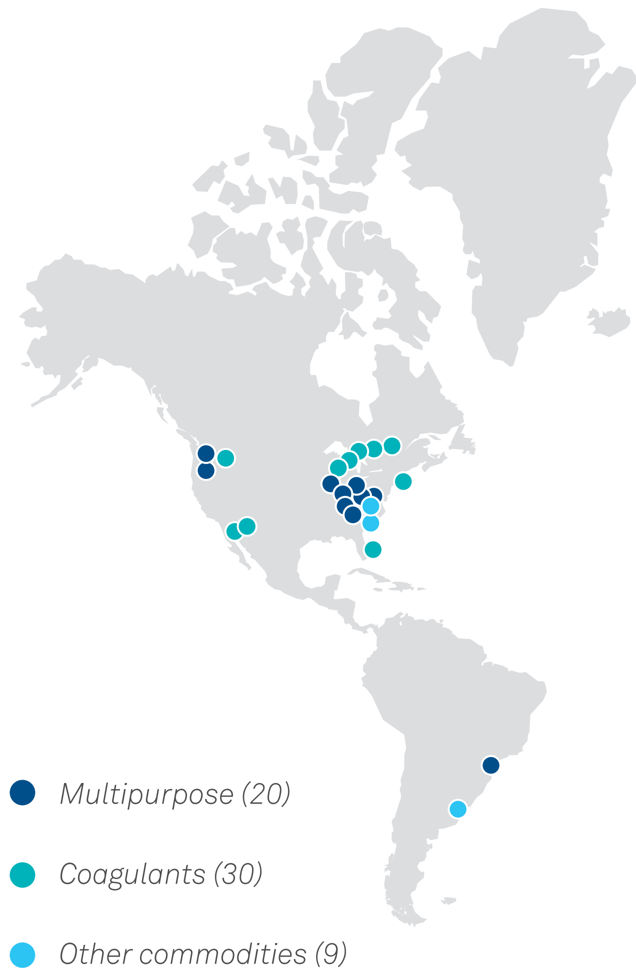
Our global manufacturing network consists of 59 sites, of which 20 are multipurpose sites, 30 produce coagulants, and 9 other commodities, such as sodium chlorate and hydrogen peroxide. We have streamlined our product portfolio and reduced the number of sites in the last couple of years by implementing efficiency measures under the “Fit for Growth” restructuring program. We have also adopted LEAN manufacturing in order to continuously improve efficiency. As a result, our operative fixed costs in EMEA and NAFTA have decreased approximately 10% compared to baseline year 2012.

Kemira’s management system for EHSQ activities is based on ISO 14001, ISO 9001 and OHSAS 18001 standards. By the end of 2014, Kemira had certified 83% of its sites according to these standards.

Energy-efficiency is important to Kemira, as it brings both cost-savings and environmental benefits. Many of Kemira’s products are energy intensive to produce, making it vital to constantly improve our efficiency.

Our approach to reducing greenhouse gas emissions is based on improving energy efficiency at manufacturing sites and on purchasing energy at lower emission levels. In 2014, Kemira introduced a new climate change target, the Kemira Carbon Index. Our Carbon Index was 86.8, compared to baseline value 100 in 2012 (target ≤ 80 by the end of 2020).

Manufacturing footprint globally (59 sites):

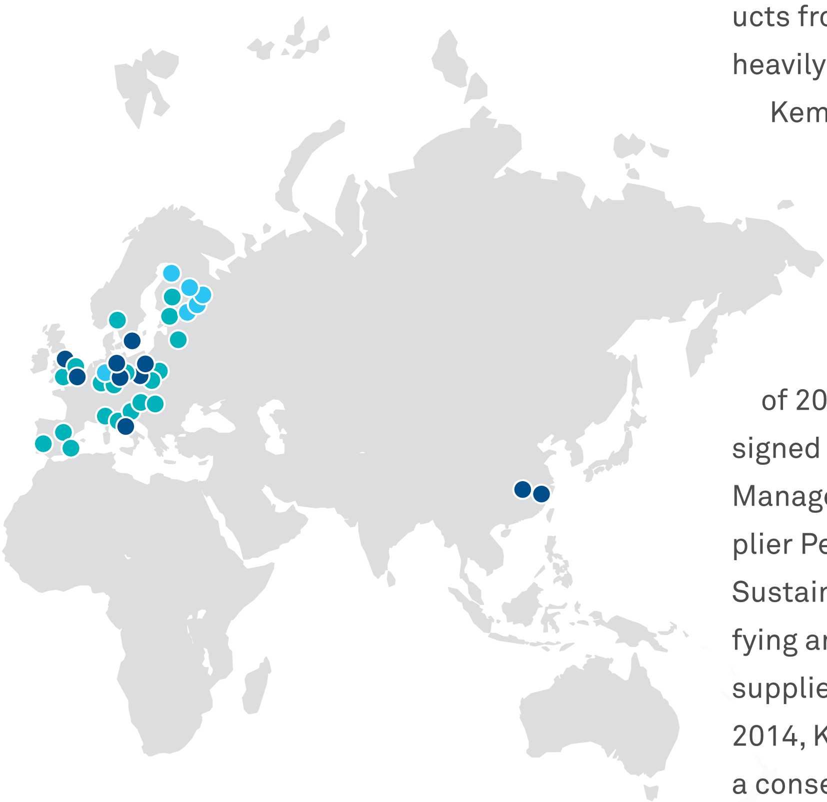


SOURCING

RESPONSIBLE SUPPLY CHAIN

Kemira's business is supply chain intensive: our spend on raw materials and other purchases is approximately 80% of our revenue. We have over 650 direct material suppliers, most of whom come from EMEA and North America. Of these, 120 are core suppliers, who deliver 80% of our direct material spend. Our top three raw materials by spend are electricity, acrylonitrile and petroleum solvents and by volume ferrous sulphate, hydrochloric acid and sodium chloride (salt). 25% of all raw materials used by Kemira are recycled or industrial by-products from external partners. The Municipal & Industrial business utilizes 60–70% recycled by-products from other industries, participating heavily in local by-product streams.

VALUE CREATED: IN 2014, KEMIRA DISTRIBUTED EUR 1,684 MILLION IN ECONOMIC VALUE TO ITS SUPPLIERS IN THE FORM OF PURCHASES.
(on cash basis)



Kemira drives responsibility in the supply chain through the Code of Conduct for Suppliers, Distributors and Agents, which all repeat suppliers with a substantial annual spend value are expected to sign. By the end of 2014, 93% of Kemira's suppliers had signed the Code. Our Supplier Performance Management Program, comprising of supplier Performance Evaluations and Supplier Sustainability Assessments, helps in identifying any possible challenges relating to suppliers' sustainability performance. In 2014, Kemira assessed 49 core suppliers. As a consequence, corrective actions are to be planned with 11 suppliers.

25% OF ALL RAW MATERIALS USED BY KEMIRA ARE RECYCLED OR INDUSTRIAL BY-PRODUCTS FROM EXTERNAL PARTNERS.

STRATEGIC OBJECTIVE: PROFITABLE, ABOVE-THE-MARKET GROWTH

HOW? →

- → Leverage strong market position
- → Execute successful investment projects
- → Commercialize new products
- → Continue to evaluate bolt-on acquisitions

PAPER

RESULT 2014

Revenue		Operative EBITDA
1,170 EUR million	← 55% of Kemira revenue	11.7 %

#1–2 IN ALL REGIONS

Business specifics

- → Strategic commitment to the paper industry
- → Application-driven approach
- → Offering adapted to regional requirements
- → Innovation partner for paper industry

Application know-how

- → Pulp, paper, board and tissue production
- → Pulping, bleaching, wet-end and coating chemistry, water treatment

THE ONLY global PULP AND PAPER CHEMICALS SUPPLIER

Customer segmentation
- → Pulp
- → Packaging & Board
- → Printing & Writing
- → Tissue & Specialties

Products
Most comprehensive product portfolio in the business.

DIFFERENTIATED PRODUCTS
(50%) Sizing, strength, surface treatment and process chemicals

COMMODITY PRODUCTS
(50%) Mainly bleaching & pulping chemicals

Major raw materials
Acrylonitrile, olefins, cationic monomer, crude tall oil, electricity, fatty acids, heavy fuel oil/natural gas, maleic anhydride, sodium chloride, sulfur

Sales channel
Direct sales to pulp & paper producers. Serving all major players in the market globally.

Competitive advantage
- → Application know-how
- → Product performance
- → Backward integration into key raw materials

Customer value

IMPROVED:
- → Process efficiency
- → End-product features & quality
- → Raw material, energy and water efficiency: sustainable innovations

THE ONLY GLOBAL PULP AND PAPER CHEMICAL SUPPLIER

Growth in pulp and paper chemicals is driven by higher volumes of packaging board and tissue grades. Kemira has unique expertise in applying chemicals and supporting pulp & paper producers to innovate and constantly improve their operational efficiency and end-product quality. This makes us the global market leader in paper chemistry.

COMPETITIVE ENVIRONMENT

The paper chemicals market has long been fragmented with no clear global leader. A group of international companies have held strong positions in regional or product/application specific market areas. Considering Kemira's strategic focus and long-term commitment to the pulp and paper industry, as well as the 2015 AkzoNobel paper chemical business acquisition, we are now in the market leadership position. We have more than doubled our pulp & paper revenues in the past 10 years.

600 BILLION BOXES FOR PACKAGING, **150 BILLION COPIES** OF MAGAZINES AND CATALOGUES, AND **20 BILLION CARTONS** OF MILK, JUICE OR OTHER LIQUIDS WERE PRODUCED WITH KEMIRA PRODUCTS AND SOLUTIONS IN 2014.

AkzoNobel business acquisition

Kemira's preliminary agreement on AkzoNobel's paper chemical business, to be closed in early 2015, strengthens Kemira's global leadership position in pulp and paper. The business includes products for retention, sizing, wet strength and coating. Over 50% of the revenues are related to the packaging board grades. The acquisition nearly doubles our Paper revenue in the APAC region. Six production sites and approximately 400 employees will be transferred to Kemira. The sites are located in Spain, Italy, South Korea, Thailand, Indonesia, and Australia. Ten sites remain as AkzoNobel sites with contract manufacturing to Kemira.

2014 IN BRIEF

- Kemira's acquisition of BASF's global alkyl ketene dimer (AKD) emulsion business was closed in May. It strengthens our position in the paper wet-end chemicals market especially in continental Europe.
- Klabin selected Kemira as a supplier of sodium chlorate for its upcoming new 1.5 million ton pulp mill in Paraná, Brazil.
- We signed a preliminary agreement to acquire AkzoNobel's paper chemical business.
- Our new paper chemicals site in Nanjing, China, received its final operating permits and ramped up the production volumes.
- We started pulp chemical deliveries to Montes del Plata, the new Stora Enso-Arauco 1.3 million ton pulp mill in Punta Pereira, Uruguay.
- We announced a multimillion investment in a hydrogen peroxide plant in Oulu, Finland, to meet the growing demand for pulp chemicals.
- We announced a multimillion EUR investment in a production line expansion of process and functional chemistries at San Giorgio site in Italy.
- An expanded production line for surface treatment chemicals in Krems, Austria, was launched.
- We continued to work with Stora Enso on our joint project to promote responsible water management and community engagement in Guangxi Province, Southern China. For more information, please see the GRI report.
- Innovations launched in 2014 included e.g. KemPrint™ (surface additive), 2nd generation FennoBind™ (binders), and FennoBond™ (strength) extended portfolio for packaging & board and tissue.

MARKET OUTLOOK

Paper segment has been growing above the market in 2013–2014 with a compound annual organic growth rate (CAGR) of 7% (estimated market growth 2.0–2.5%). The estimated relevant market is expected to grow to EUR 9.2 billion by 2020 (8.0 billion in 2014), mainly due to growth in demand for packaging & board as well as tissue. The majority of the growth is expected from the emerging markets in South America and APAC. As the global leader in pulp and paper chemicals, and thanks to our strong application know-how, Kemira is well positioned to serve the industry.

DRIVEN BY PAPER INDUSTRY transformation

EXTERNAL FACTORS

External factor	Opportunity	Risk
CHANGES IN DEMAND FOR PAPER INDUSTRY PRODUCTS	→ Rising demand for packaging & board and tissue grades due to economic development, rising standards of living, population growth and e-commerce → Growing pulp production in SA and northern EMEA to support paper and board production growth	Stagnating /declining demand for printing & graphical paper grades due to digitalization and internet
DISRUPTIVE INNOVATION IN PULP AND PAPER CHEMISTRY	→ Innovations by Kemira through long-term customer intimacy and co-creation → Supporting bio-economy: fiber use for purposes other than pulp and paper	Reduced demand for current portfolio
CHANGES IN COMPETITIVE ENVIRONMENT	→ Kemira's long-term commitment to pulp & paper industry → Sustainability aspects emphasized in partner selection	→ Renewed interest in pulp & paper by competition → New players emerging from Asia
PAPER INDUSTRY MIGRATING TO APAC AND SOUTH AMERICA	Growth in emerging markets through our global reach and leadership position	Mill closures in mature markets
CONSOLIDATION IN THE CUSTOMER BASE	Large customers looking for strategic supplier with a global footprint	Consolidation in the customer base leading to mill closures especially in printing & writing
AVAILABILITY OF SKILLED PERSONNEL AND COMPETITION FOR KEY TALENT	Attractive employer status thanks to market leadership position	→ Challenge in differentiation & business growth if lacking qualified personnel → Key talent attracted by value chain players
OIL / ELECTRICITY PRICE AND RAW MATERIAL COSTS (UP/DOWN)	→ New energy-efficient technologies → New raw material screening	Increasing raw material prices increase costs

PAPER

MANAGEMENT APPROACH

- Business development focus on packaging & board and tissue customers
- Improved geographical balance for serving printing & writing customers

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- Continuous pipeline of innovations to maintain technology leadership position
- Comprehensive and diversified product portfolio

- Close follow-up of competitive activity
- Participation in further consolidation in the market
- Investment in competencies and capacities

Strengthening position in APAC and South America

- Long-term commitment and close customer relations in the pulp & paper industries
- Careful analysis of customer mill cost position and identification of future winners

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- Focus on recruiting and maintaining key talent
- Collaboration with educational institutes

- Raw material formulas in customer pricing
- Identification of alternative sources
- Further backward integration

STRATEGIC OBJECTIVE: PROFITABLE, ABOVE-THE-MARKET GROWTH

HOW? →

- → Invest in innovation, human capital and polymer production capacity
- → Strengthen & expand customer partnerships
- → Make selective acquisitions to broaden technological and business capabilities

OIL & MINING

RESULT 2014

Revenue		Operative EBITDA
382 EUR million	← 18% of kemira revenue	12.7 %

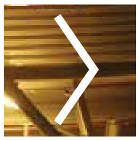
#2 IN UNCONVENTIONAL OIL & GAS IN NORTH AMERICA

Business specifics
- → Application-driven approach
- → Focus on fast innovation to solve critical customer challenges

Application know-how
- → Oil & Gas: drilling & cementing, stimulation, oil sands, chemically enhanced oil recovery and production
- → Mining: iron ore, copper, gold recovery, white pigments

GROWING BUSINESS partner

TO THE OIL, GAS AND MINING INDUSTRY



Customer segmentation
- Oil & Gas
- Mining
- Other industries (excess capacity)

Products
DIFFERENTIATED PRODUCTS
(85%) Polymers, dispersants & antiscalants, biocides, emulsifiers, defoamers

COMMODITY PRODUCTS
(15%) Coagulants

Major raw materials
Acrylonitrile, acrylic acid, various monomers

Sales channel
- Oil & Gas and process additive applications: sales mostly to pumpers, operators & service companies
- Mining: direct sales to operators
- Distributors to other industries

Competitive advantage
- Innovative chemicals & application knowledge
- 2nd largest manufacturer of polyacrylamides in the world

Customer value

IMPROVED:
- Process efficiency
- Yield
- Cost-efficiency
- Water efficiency
- Energy efficiency
- Compliance with environmental regulation

GROWING BUSINESS PARTNER TO THE OIL, GAS AND MINING INDUSTRY

Kemira provides a unique combination of application knowhow and innovative chemicals that improves process efficiency and yield in oil, gas and metals recovery. Our growth is driven by long-term demand for oil and gas, and the exploration of unconventional oil and gas sources.

COMPETITIVE ENVIRONMENT

The oil and gas chemicals market is competitive and new players are entering the market driven by high but cyclical demand and profitability. Kemira is the world's second largest producer of dry and emulsion polyacrylamides, used especially in horizontal oil and gas drilling and stimulation, reducing energy consumption and improving process efficiency. Our strongest foothold is in the North American oil & gas polyacrylamide market, where our market share is close to 15%. In Mining, we have a particularly strong position in water treatment related business (for regulatory compliance), especially in EMEA.

1,500 MILLION BARRELS OIL EQUIVALENT (MBOE) OF OIL AND GAS EXTRACTED IN 2014 WITH KEMIRA PRODUCTS

2014 IN BRIEF

- → Tarjei Johansen was appointed as President of the Oil & Mining segment and the Americas region as of May 5, 2014.
- → Successful integration of the acquired 3F Chimica S.p.A. business continued until Q4/2014. 3F produces dry and emulsion polyacrylamide polymers and related process chemicals.
- → We announced a multimillion EUR investment to expand our dry polyacrylamide capacity in Aberdeen, USA.
- → The Oil & Mining global management team relocated to Houston, TX, to be close to key customers.
- → 20% of revenues came from innovative products developed in the last three years.
- → Innovations launched in 2014 included e.g. KemFlow® A-4375 friction reducer, KemGuard® 2708 thermally stable antiscalant, and Superfloc® RH4832 rheology modifier.

MARKET OUTLOOK

The segment grew 23% in 2014 compared to 2013, mainly due to increased polyacrylamide sales volumes in the oil and gas industry in North America. The estimated relevant market for polyacrylamides is expected to grow to EUR 4.5 billion by 2020 (2.3 billion in 2014). Global softness in the mining industry continues, but has shown some early signs of recovery in some regions in Africa. Chemically Enhanced Oil Recovery (CEOR) and unconventional oil extraction present longer term growth opportunities in Oil & Mining segment's relevant market.

DRIVEN BY cyclical OIL, GAS AND MINING

EXTERNAL FACTORS

CYCLICAL OIL & GAS PRICES	**OPPORTUNITY** New technologies enabling the exploration of unconventional oil & gas sources, e.g. shale, oil sands **RISK** Declining oil & gas prices slowing down drilling & stimulation activity
VARIABLE METALS PRICES	**OPPORTUNITY** Increasing demand for chemistries enabling water recycling and reuse **RISK** Declining oil & gas prices reducing production and chemical usage
REGULATION AFFECTING USE AND REUSE OF WATER	**OPPORTUNITY** Increased water treatment needs and demand for chemicals **RISK** Tightening regulation impacting total cost and slowing down mine development, drilling and stimulation activity
AVAILABILITY OF SKILLED PERSONNEL AND COMPETITION FOR KEY TALENT	**OPPORTUNITY** Differentiation of Kemira from competition based on capability **RISK** → Challenge in differentiation & business growth if lacking qualified personnel → Key talent attracted by value chain players
RAW MATERIAL AVAILABILITY AND PRICE	**OPPORTUNITY** Improved cost-efficiency from backward integration **RISK** Loss of competitive pricing in a slow market could affect business profitability and growth
NEW TECHNOLOGIES & WAY OF EXTRACTING	**OPPORTUNITY** CEOR (chemically enhanced oil recovery) **RISK** Delays due to market volatility & geopolitical risks

O&M

OIL & MINING

MANAGEMENT APPROACH

- More balanced product portfolio for upstream and downstream applications
- Innovative technologies to improve yield and reduce customer cost of operations
- Close monitoring of regulatory policy & expansion into water treatment services
- Focus on recruiting and maintaining key talent
- Tracking of prices for key raw materials, strategic purchase contracts, backward integration
- Working closely with end customers: lab work, pilot tests, field tests

STRATEGIC OBJECTIVE: MAXIMIZE CASH FLOW

HOW? →
- → Leverage strong market position
- → Maintain aggressive cost controls

MUNICIPAL & INDUSTRIAL

RESULT 2014

Revenue		Operative EBITDA
565 EUR million	← 27% of kemira revenue	12.1 %

#1 IN EMEA #1 IN NORTH AMERICA

Business specifics
- → Regulation-driven business
- → Local business
- → Raw material backward integration
- → Large customer base

Application know-how
- → Raw water treatment
- → Waste water treatment
- → Sludge treatment

MARKET leader IN RAW AND WASTE WATER TREATMENT

Customer segmentation
- → Fragmented market:
- → Municipal (private & public)
- → Industrial (e.g. food & beverage, chemicals and metals processing)

Products
- → Only partner able to provide both polymers and coagulants

DIFFERENTIATED PRODUCTS
(25%) Polymers, antiscalants, defoamers, biocides

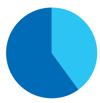
COMMODITY PRODUCTS
(75%) Coagulants

Supply chain intensive:
- → Managing high-volume streams to fragmented customer base

Major raw materials
- → 60–70% recycled input materials: participating in local, fast and flexible by-product streams
- → Acrylonitrile, sulfuric acid, hydrochloric acid, aluminium hydrate, iron ore, pickling liquor, copperas (ferrous sulfate)

Sales channel

Municipal
60%



Industrial
40%

Municipal: mainly direct sales
Industrial: direct sales & distributors

Competitive advantage
- → Reliability, speed and logistics flexibility
- → Deep application knowledge
- → Comprehensive portfolio
- → Backward integration into other industries' by-products through long-term partnerships
- → High coverage manufacturing network in mature markets

Customer value
IMPROVED:
- → Water treatment process reliability and efficiency: total water cycle management
- → Regulatory compliance and beyond

MARKET LEADER IN RAW AND WASTE WATER TREATMENT

The market for Municipal & Industrial is driven by regulation. Kemira helps its customers in maximizing the efficient utilization of resources and minimizing waste with chemistry at every stage of water management. We are the global market leader in raw and wastewater treatment, and the only company that manufactures and supplies a comprehensive range of water treatment chemicals: polymers, coagulants, antiscalants, defoamers and water disinfectants.

COMPETITIVE ENVIRONMENT

Competitors for Kemira's Municipal & Industrial segment in the mature markets consist of both large international players as well as smaller local companies. The coagulants market is particularly fragmented and local in nature, due to low product value and high share of transportation cost. Kemira's market leadership in raw and wastewater treatment is based on high supply reliability, speed of delivery and logistics flexibility due to our extensive production network for coagulants, as well as comprehensive product range and application support.

17,000 MILLION M³ PURIFIED WATER WITH KEMIRA'S PRODUCTS IN 2014 - CORRESPONDING TO THE ANNUAL WATER CONSUMPTION OF APPROXIMATELY 39% OF EUROPE'S POPULATION.

2014 IN BRIEF

- As a consequence of declining profitability, major efficiency measures have been implemented since 2012. The segment's fixed costs have decreased by 22% during period 2012–2014 (including acquisitions and divestments).
- The new coagulant manufacturing site in Dormagen, Germany reached its full planned capacity.
- We successfully started up production in our new coagulant plant in Tarragona, Spain. The plant is able to produce the entire range of Kemira's aluminum and iron-based coagulants that are used for drinking water and wastewater treatment.
- The segment regained business in North America, especially in the municipal water treatment sector.
- Antti Salminen was appointed President of the Municipal & Industrial segment and the EMEA region as of November 1, 2014
- We published a position paper and launched a stakeholder contact program as a response to the EU Commission public consultation on Water reuse.

MARKET OUTLOOK

Only modest growth can be expected in the Municipal & Industrial segment's relevant market in Europe and North America, as water treatment infrastructure is already largely built and growth in demand is therefore restricted. The estimated relevant market is expected to grow to EUR 2.9 billion by 2020 (2.5 billion in 2014). In case of stricter regulation and enforcement regarding water treatment, especially in emerging markets, market outlook could change significantly.

Regulation

-DRIVEN BUSINESS

EXTERNAL FACTORS

CHANGES IN REGULATION

OPPORTUNITY

- → Increased demand for chemical treatment due to stricter regulation and enforcement
- → Regulatory developments expected to favor the use of recycled raw materials

RISK

Regulatory developments creating pressure to replace chemicals with other technologies in water treatment

WATER SCARCITY DRIVING CHANGES IN WATER SUPPLY AND CONSUMPTION PATTERNS

OPPORTUNITY

Increasing demand for chemistries enabling water recycling and reuse

RISK

Reduced demand for standard commodity chemicals (e.g. coagulants)

NEW WATER TREATMENT TECHNOLOGIES AND METHODS

OPPORTUNITY

Increasing demand for differentiated products and technologies with enhanced application knowhow

RISK

Reduced demand for standard commodity chemicals (e.g. coagulants)

CHANGES IN THE COMPETITIVE LANDSCAPE

OPPORTUNITY

Strengthened market position

RISK

New standard commodity chemical producers (e.g. coagulants) entering the market

CHANGES IN THE AVAILABILITY AND PRICE OF RAW MATERIALS

OPPORTUNITY

Leverage advantages from strong market position and partnerships with key by- product and raw material producers

RISK

- → Decreasing raw material prices increase competition
- → Increasing raw material prices increase costs
- → Breaks in availability of key raw materials impact reliability of customer deliveries

M&I MUNICIPAL & INDUSTRIAL

MANAGEMENT APPROACH

Proactive participation in regulatory discussions relating to water treatment; working towards achieving higher water quality standards

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Proactive participation in water reuse solutions based on differentiated products and technologies

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- Innovation and marketing of differentiated products and technologies
- Monitoring and scouting for new technologies

- Participation in market consolidation
- Increasing by-product utilization

- Increasing the utilization of by-products for coagulants
- Balancing manufacturing assets along with sources of by-products
- Internalization of critical raw materials manufacturing for polymers (e.g cationic monomers)

Kemira
Where water
meets chemistry™

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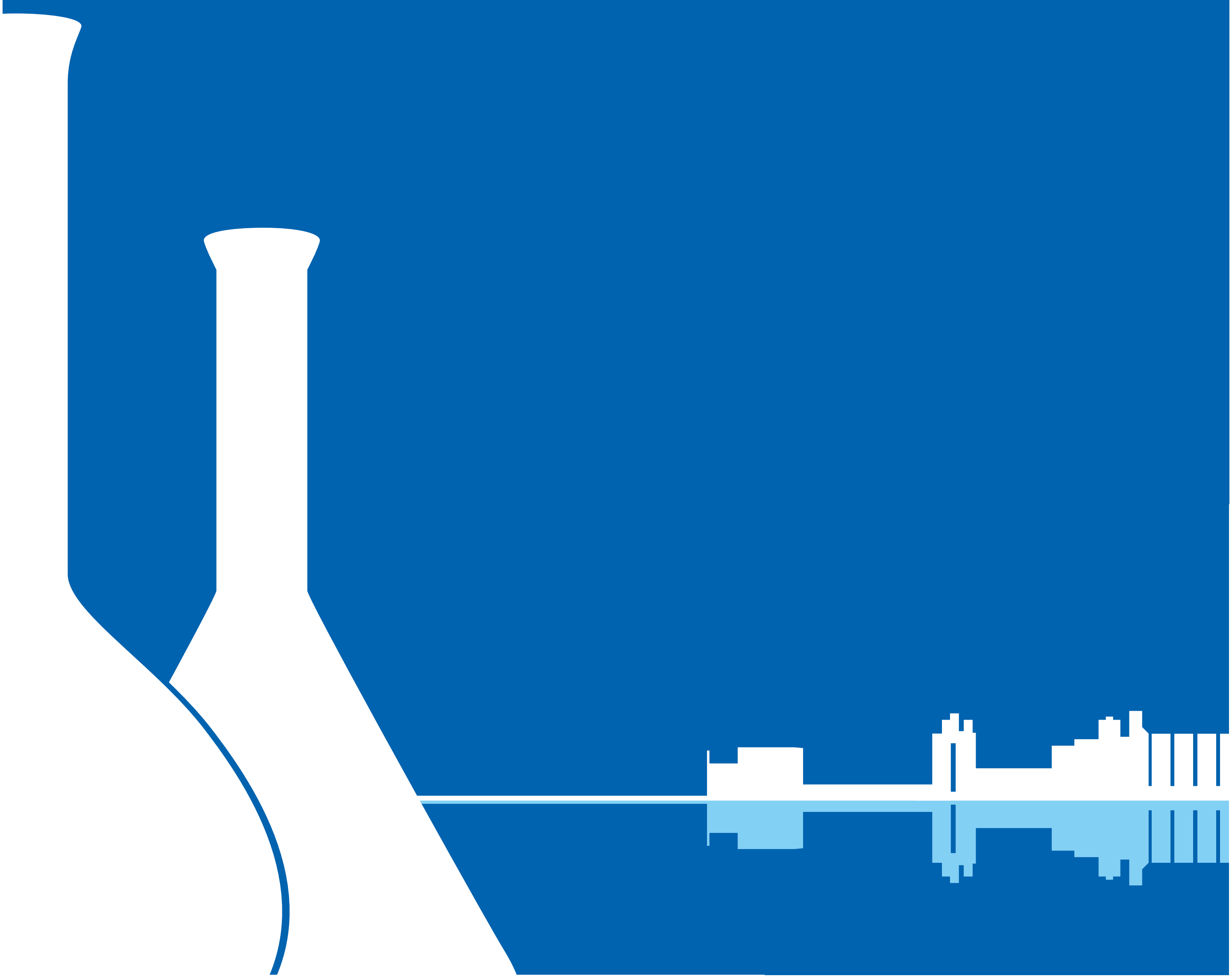
GRI Report
2014



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1. FOCUS AREAS OF CORPORATE RESPONSIBILITY

Our corporate responsibility focus areas are defined based on feedback from our stakeholders and the significance of the economic, environmental and social impacts of our business activities.

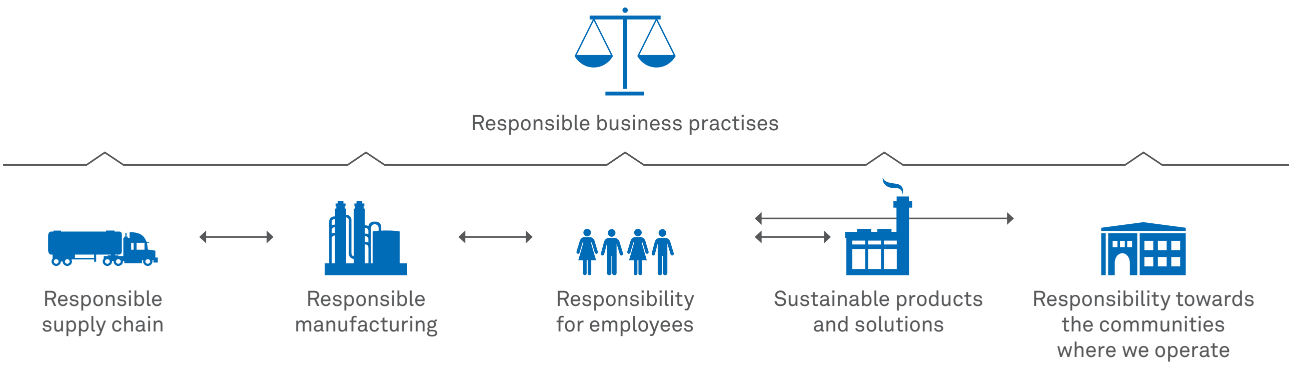
IMPACTS OF KEMIRA BUSINESS ACTIVITIES IN THE VALUE CHAIN

	INDIRECT IMPACT		DIRECT IMPACT	INDIRECT IMPACT	
KEMIRA VALUE CHAIN ACTIVITIES	**Production of input materials and energy**	**Upstream transportation**	**Kemira's sales & manufacturing**	**Downstream transportation**	**Use of Kemira products**
Economic impact	Payments to suppliers	Payments to logistic service providers	Public sector: taxes Employees: wages	Payments to logistic service providers	Benefits of using Kemira products
Environmental impact	GHG* Emissions (Scope 2 and 3)	GHG emissions (Scope 3) Transportation safety (environmental risk due to spills)	GHG emissions (Scope1) Emissions into water, waste	GHG emissions (Scope 3) Transportation safety (environmental risk due to spills)	GHG emissions (Scope 3) Emissions into water, waste
Social impact	Human rights, labor rights, workplace safety	Transportation safety (people safety)	Process safety Employment Workplace safety	Transportation safety (people safety)	Workplace safety through the safe use of chemicals

* GHG = Greenhouse gas

The key topics and concerns raised through our stakeholder engagement have been consistent over the past years, emphasizing the importance of responsible business practices, responsibility in the supply chain, responsibility of manufacturing operations, responsibility for employees, sustainable products and solutions, and responsibility towards the local communities where we operate.

CORPORATE RESPONSIBILITY FOCUS AREAS



Corporate responsibility has a positive impact on Kemira's value creation. The development of sustainable products and solutions creates opportunities for revenue growth, and minimizing business risks and improving safety helps in cost avoidance.

STAKEHOLDER EXPECTATIONS

Stakeholder expectations create the foundation for identifying and defining the focus areas and respective targets of Kemira's corporate responsibility.

The identification of key stakeholders is based on two criteria at Kemira: 1) How our economic, environmental and social performance impacts the assessments and decisions of these stakeholder groups, and 2) How the assessment and decisions of these groups affect Kemira.

Kemira business characteristics affecting stakeholder expectations include e.g.:

- We are in the chemicals business, which also includes harmful and hazardous substances.
- We operate in a business to business environment with no direct contact to consumers.
- We are not ourselves directly involved in the utilization of natural resources (e.g. minerals, fibers) in our business. However, our customers in our three segments Paper, Oil & Mining and Municipal & Industrial do.
- Our customers are sustainability leaders in their sectors. Kemira participates in these value chains and is expected to demonstrate the same high commitment to sustainable business.
- Kemira shares are listed on the NASDAQ OMX Helsinki. A significant number of our investors represent Socially Responsible Investing (SRI).
- Sustainable business conduct is an important employee engagement driver according to our employee surveys.
- We have operations in many locations around the world. However, our units are generally small or mid-size and located in industrial areas such as chemical parks. Thus, they do not have a dominant position in their local communities, for example in terms of employment or environmental impacts.

STAKEHOLDER SURVEYS

We regularly conduct stakeholder surveys to identify and understand the key topics and concerns of our stakeholders, e.g. shareholders, customers and employees. The first survey was conducted in 2010, and another one in the fall 2013. In the fall 2014, we conducted a survey in our sales organization, in order to learn more about sustainability topics emphasized by our customers and how to help our sales engage with them on sustainability matters.

STAKEHOLDER ENGAGEMENT

Our approach to stakeholder engagement depends on different stakeholders and their expectations, and may include activities from information sharing to active dialogue and collaboration on issues of mutual interest. More detailed information is provided in the following table.

STAKEHOLDER ENGAGEMENT

Kemira stakeholders (G4-24)	Basis for identification and selection of stakeholders (G4-25)	Kemira approach to stakeholder engagement (G4-26)	Key topics and concerns raised through stakeholder engagement (G4-27)	Kemira response (G4-27)
Shareholders and lenders	• Share of value creation to investors and lenders through dividends and interests payments • Shareholder expectations for return on investment, and for environmental & social performance and governance	• Regular events like Capital Markets Day, roadshows, conference calls and one-to-one meetings. 280 events / meetings in 2014	• Integration of corporate responsibility with Kemira's strategy and business activities • Potential business risks and opportunities related to corporate responsibility issues, transparency	• Kemira's approach to corporate responsibility management • Corporate responsibility reporting and disclosure to analysts and indexes (e.g. CDP)
Customers	• Customers are the main source of value creation to Kemira • Customer expectations and needs drive Kemira's product portfolio and service models	• Direct customer contacts by Kemira sales organization • Exhibitions and trade shows • Product testing and plant trials • Customer data requests regarding Kemira's sustainability performance	• Product safety • Transportation safety • Reduction of the environmental impact in customers' processes and products	• Product stewardship • Transportation safety standards • Sustainability checks in New Product Development projects
Employees	• Share of value creation to employees through salaries and payments • Employee well-being and capabilities influence our operational performance and value creation	• Voices@Kemira employee survey biennially and a smaller scale employee survey Pulse twice a year • Performance and Development Discussions twice a year • Kemira European Forum • Town hall meetings • Compliance & Ethics Hotline	Key topics and concerns based on the Voices 2013 survey: • Performance management and rewarding • Learning and career development	• Performance management process and leadership development • Documented action-plans to respond to Voices@ Kemira employee survey findings • Internal skills development and training programs
Suppliers	• Share of value creation to suppliers through payments for goods and services • Supplier responsibility and performance influence Kemira's value creation capability and reduce business risk	• Supplier performance management program and supplier sustainability assessments • Working closely with core suppliers to help them meet Kemira expectations for performance and responsible business conduct. Corrective actions if needed	• Kemira customers expect responsibility throughout the supply chain • Business ethics and compliance	• Kemira Code of Conduct for Suppliers, Distributors and Agents • Supplier performance management program and supplier sustainability assessments
Local communities	• Share of value creation to society through tax payments and employment • The safety and environmental performance of our operations may impact local community acceptance and our license to operate	• Collaboration with local communities at major sites to understand and address their concerns • Open door events at sites • Collaboration with schools and universities • In 2014, approximately 85 community involvement activities were organized at 26 major Kemira sites	• Safety, environmental, social and economic responsibility and impact	• Transparency, continuous and open dialogue with local communities • Regular environmental assessments
Regulatory bodies, trade associations, decision makers and opinion leaders	• Stakeholders with capability to influence or make political decisions on environmental issues, climate change, and chemical legislation affecting Kemira's business	• Participation in the activities of industrial trade associations • Subject-specific dialogue with regulatory bodies on national and EU level • Maintaining relationships with selected non-profit organizations	• Resource efficiency • Water quality and quantity • Chemical substances used in shale gas and enhanced oil recovery • Chemical risks and product stewardship	• Water reuse position paper • Active participation in CEFIC working groups

2 MANAGEMENT APPROACH

2.1 CORPORATE RESPONSIBILITY AT KEMIRA

Our corporate responsibility management approach aims at identifying, understanding and managing the impacts of our business activities on the environment, people and society. For us, corporate responsibility means being responsible in our own operations and contributing to sustainable development throughout our value chain.

OUR COMMITMENTS AND POLICIES

Our corporate responsibility management approach is based on the **Kemira Code of Conduct** that reflects the principles set out in the OECD Guidelines for Multinational Enterprises. In addition to ensuring responsible business conduct in our own operations, we expect our suppliers and other business partners to maintain the same high standards of operation. These expectations are described in our **Code of Conduct for Suppliers, Agents and Distributors.**

Kemira became a signatory of the **United Nations Global Compact** in March 2014. We are commited to respecting and promoting human rights, implementing decent work practices, reducing our environmental impact and working against corruption.

Kemira is also a signatory of **Responsible Care**, a voluntary initiative of the international chemical industry that drives continuous improvement in health, safety and environmental performance.

The Kemira Code of Conduct, together with internal policies and procedures, set the standards for expected behavior within the company, and are integral elements of the management approach of corporate responsibility. Kemira policies are reviewed every second year to evaluate the need for any updates or complementation.

Responsible Care
Our commitment to sustainability

KEMIRA BECAME A SIGNATORY OF THE UNITED NATIONS GLOBAL COMPACT IN MARCH 2014.

MEMBERSHIPS

Kemira is a member of Chemical Industry Federation of Finland (CIFF) and European Chemical Industry (CEFIC). Kemira's CEO is a member of the CIFF and CEFIC Board. On a national level Kemira is, for example, a member of Cleantech Finland.

KEMIRA GROUP POLICIES

LEGAL

- Business Agreement Policy (2013)
- Competition Law Compliance Policy (updated 2014)
- Gifts, Entertainment and Anti-bribery Policy (2012)
- Policy for Issuing and Maintaining Policies (2012)
- Group Related Party Policy (2012)
- Kemira Subsidiary Governance Policy (2014)
- Kemira Oyj Procuration Policy (2013)

FINANCE & ADMINISTRATION

- Capital Investment Policy (2013)
- Cash Management Policy (2012)
- Credit Management Policy (updated 2014)
- Acquisition and Divestment Policy (2014)
- Approval Policy (2013)
- Inventory Policy (2012)
- Risk Management Policy (updated 2014)
- Tax Policy (updated 2014)
- Treasury Policy (updated 2014)
- Transfer Pricing Policy (updated 2014)

SOURCING & SUPPLY CHAIN MANAGEMENT

- Sourcing & Procurement Policy (updated 2014)
- Transportation & Logistics Policy (2014)

MANUFACTURING AND EHSQ

- EHSQ Policy (2013)
- Maintenance Policy (2013)

R&D AND IP

- Employee Invention Policy (updated 2014)
- Intellectual Property Rights Policy (2014)

HUMAN RESOURCES

- Compensation Approval Policy (2013)
- Recruitment Policy (2013)
- Global Travel Policy (2014)

IT

- Information Management Policy (2013)
- IT Security Policies (2012)

COMMUNICATIONS

- Communications Policy (2013)
- Sponsorship and Donation Policy (2013)

TARGET SETTING AND PERFORMANCE IN 2014

Our corporate responsibility is managed through target-setting, following the principles of continuous improvement. The KPI's for each focus area are reviewed annually.

Our corporate responsibility targets are discussed and approved by the Kemira Management Board. The Board of Directors is informed about the responsibility targets and related performance, and approves the annual corporate responsibility report.

FOCUS AREAS

Focus area	Topic	KPI	KPI target value	KPI Status 2014
Sustainable products and solutions	Innovation sales	Share of innovation revenue of total revenue, %	10% in 2016	8%
	Sustainability aspects in New Product Development (NPD) process	New NPD projects apply the sustainability check at Gate 1, %	100% by the end of 2014	Achieved
		Existing NPD projects apply the sustainability check at Gates 2–4, %	100% by the end of 2014	Achieved
Responsible business practices	Kemira Compliance Program	Kemira Compliance Program established	Established by the end of 2014	Achieved
Responsibility for employees	Employee engagement	Employee engagement index based on Voices@ Kemira biennial survey	The index at or above the external industry standard by the end of 2015	To be reported in 2015
		Participation rate in Voices@Kemira, %	75–85% by the end of 2015	To be reported in 2015
	Occupational health and safety	Number of Total Recordable Injuries (TRI) (per million hours, Kemira + contractor, 1 year rolling average)	Achieve zero injuries	5.8
	Performance management	Kemira employees covered by the global Performance Management process, %	> 95% by the end of 2014	Achieved: 95%
	Leadership development	People managers participated in global leadership programs at least once in period 2013–2015, cumulative %	> 95% by the end of 2015	46.4%
Responsible supply chain	Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA)	Supplier contracts with signed CoC-SDA as attachment, %	90% by the end of 2015	93%
	Supplier sustainability assessment	Number of core, strategic and critical suppliers covered by Supplier sustainability assessment	45 by the end of 2014	Achieved: 49
Responsible manufacturing	Water efficiency	Baseline analyzed and water efficiency program defined	By the end of 2014	Achieved, see the outcome on pp.18
	Climate change	Kemira Carbon Index performance	Kemira Carbon Index ≤ 80 by the end of 2020 (2012 = 100)	86.8
Responsibility towards the local communities where we operate	Participation in local community involvement initiatives	Share of Kemira sites with over 50 employees participated in local community involvement initiatives at least once in period 2013–2015, cumulative %	100% by the end of 2015	92%

KEY ACTIVITIES IN 2014

THE HUMAN RIGHTS IMPACT ASSESSMENT

Kemira signed the UN Global Compact in March 2014. We follow the UN Guiding Principles on Business and Human Rights, and existing national guidelines in implementing the Guiding Principles. We conducted a Human Rights Impact Assessment in 2014. The objective was to identify human rights risk areas in our value chain and potential gaps in our current management approach.

Based on the results, potential risk areas in our value chain relate to our business relationships, chemicals safety, and expansion in emerging markets. We have prepared an action-plan with proactive measures to improve the integration of human rights into our current management approach.

SUPPLIER SUSTAINABILITY ASSESSMENT PILOT

Supplier Sustainability Assessments were conducted by an external third party company specialized in standardized supplier evaluation and auditing, following the principles of the UN Global Compact and Responsible Care.

WATER RISK ASSESSMENT

We conducted a water risk analysis in order to define potential risks posed by Kemira operations to local water resources and the environment, as well as potential risks to business due to water scarcity. The assessment was carried out at 54 sites globally by using the Global Water Tool (WBCSD) to identify hot spots, and the Local Water Tool to identify site-specific water risks. Based on the findings, we concluded that water risks are not material for Kemira on a global level. However, we identified four sites where more detailed assessments are required in order to define the management plan for the identified risks.

GLOBAL MANAGEMENT PROCESS DEFINITION FOR CORPORATE RESPONSIBILITY

We defined a management process for corporate responsibility and public affairs as part of a Kemira process architecture project. The process supports our organizational efficiency and collaboration by clarifying ownership and accountability, leveraging best practices, enhancing process management and continuous improvement capabilities.

WATER STEWARDSHIP PROJECT IN GUANGXI, CHINA

Kemira and Stora Enso jointly launched a 3-year "Water Stewardship – Shared Value Creation" project in Guangxi, Southern China in 2013. The project aims at responsible use of water resources in the local communities. It brings together Kemira's expertise in water quality management, Stora Enso's knowledge of tree plantation management as well as Guangxi communities' practical knowledge and experience in local water issues. The project improves the protection and management of water resources, and enhances awareness of matters relating to water.

An extensive study of water use, supply and quality in the villages around Stora Enso's plantations was conducted in 2014. Close to 1,100 people, representing villagers, authorities and local NGOs, participated in the interviews. Based on the study, Stora Enso and Kemira teams concluded that water-related issues are important in rural Guangxi and that concerns relating to eucalyptus plantations still remain. Local concerns include the amount and quality of drinking water, sewage treatment, and water used for irrigation purposes.

Kemira, Stora Enso, local villagers, and local collaboration partners NGO Greenovation Hub and Guangxi Marine Environmental Monitoring Central Stationare will be working together in several pilot projects, in order to find innovative solutions to the water concerns raised in the study.

One example is the Baimei village where people make their living from chicken farming. The village has one well, but despite of their best efforts, it is not giving enough water and the water quality is uncertain. The plan is now to build a second well, improve the productivity of both wells, and maintain better water quality. We will also ensure that the used water will be treated before it is released back to the nature.

Other joint pilot projects in Guangxi include installing a new and bigger water reservoir, improving water availability, and wastewater treatment in both municipal and domestic sewage handling.

EXTERNAL SUSTAINABILITY RATINGS AND RECOGNITIONS

CDP

For the second consecutive year, we were recognized for our disclosure of information regarding climate change. We were among the companies featured in the Nordic Climate Disclosure Leadership Index (CDLI), scoring 97B (96B in 2013). Our high disclosure score (97/100) reflects the depth and quality of climate change data we have disclosed. CDP's Nordic Climate Disclosure Leadership Index consists of companies graded within the top 10%.

ROBECOSAM SUSTAINABILITY ASSESSMENT

Kemira participated in the RobecoSAM corporate sustainability assessment for the second time in 2014 on a voluntary basis. However, our performance did not qualify us to be included in the RobecoSAM Sustainability Yearbook. The feedback gained from the process has helped us in identifying both our strengths and further improvement areas within corporate responsibility management. For example, customer relationship management and product stewardship are topics where further work is required to bring us at par with our well established management practices in environmental responsibility.

MONITORING THE EFFECTIVINESS OF THE MANAGEMENT APPROACH

Our approach to reducing Kemira's impacts on the environment and society is to a large extent based on the systematic implementation of the ISO standard based management systems. Our Environment, Health, Safety and Quality (EHSQ) policy requires all Kemira companies and operations to implement and maintain certified Environmental, Health, Safety and Quality management systems.

In Europe, we have implemented a European Integrated Management System, which brings our existing ERP processes, work procedures and responsibilities under one integrated management system. Similar work on a multi-site management system is under way in North America. We utilize extensive internal and external auditing and/or assurance in order to monitor the effectiveness of our management approach.

ASSURANCES AND AUDITS

	Audit coverage of corporate responsibility areas in 2014		
Assurance unit	**Economic**	**Environmental**	**Social**
Internal assurance			
Kemira Internal Audit	• Evaluation of internal controls • Reliability of financial reporting • Effectiveness and efficiency of operations		• Evaluation of internal controls • Compliance with applicable laws and regulations
Supply Chain Management			Supplier performance management program
Environment, Health, Safety and Quality		Management system audits Site specific EHS audits	Management system audits Site specific EHS audits
Product Stewardship and Regulatory Affairs			Product regulatory compliance at manufacturing sites
External assurance			
External certification partner for quality, environmental and safety management systems		Assessing and auditing of Environmental Management Systems by ISO 14001	Assessing and auditing Occupational Health and Safety management systems by OHSAS 18001 and quality management systems by ISO 9001
External service provider for legal compliance auditing		Legal compliance audits	Legal compliance audits
External service provider for financial auditing	Assessing and auditing financial statements		
External service provider for corporate responsibility reporting assurance		Assurance of the management and performance of environmental performance according to GRI	Assurance of the management and performance of social responsibility according to GRI

RESPONSIBILITIES AND RESOURCES

Kemira's Director, Corporate Responsibility, leads the overall development and management of corporate responsibility activities.

The Corporate Responsibility team is responsible for
- managing the company-wide process to identify corporate responsibility priorities and targets
- coaching and supporting the organization
- coordinating, monitoring and reporting corporate responsibility related activities
- establishing the processes, tools and metrics to ensure compliance with relevant external standards, guidelines and expectations
- engaging in stakeholder dialogue related to corporate responsibility
- managing public affairs issues

Kemira segments and functions are key resources in corporate responsibility target implementation. The implementation is supported and coordinated by the Corporate Responsibility Management Team, chaired by Director, Corporate Responsibility.

Members of the Corporate Responsibility Management Team represent the organizational units that are responsible for the implementation and business integration of the corporate responsibility targets. Team members are responsible for the management and performance follow-up of target implementation in their respective organizational units, proposing target updates and KPI's to Kemira's Management Board, as well as for performance reporting. The team has regular monthly meetings with a scheduled annual agenda.

Our corporate responsibility targets are annually reviewed and approved by the Kemira Management Board. The approved targets are presented to the Board of Directors, which also approves the annual corporate responsibility report. Target performance follow-up is conducted every quarter, and the results are reported to the Management Board and Kemira stakeholders in our interim reporting.

2.2 SUSTAINABLE PRODUCTS AND SOLUTIONS

We innovate for sustainable products and solutions that reduce the environmental footprint of our customers. This includes that all Kemira products are safe to use for our employees, value chain partners and customers, and that appropriate regulatory approvals and registrations, documentation, and labeling are in place.

GROWTH FROM SUSTAINABLE PRODUCTS

Kemira provides expertise and tailored combinations of chemicals for the paper industry, oil, gas and mining, and municipal and industrial water treatment.

The use of our products and solutions benefits our customers by:
- Improving the properties and quality of the customer's end-product
- Improving the operational efficiency of customer processes and equipment
- Enabling the treatment, cleaning and conditioning of water: treating intake water for potable or process water use, re-use of water, sludge dewatering and capturing other soluble solid contaminants

The main product lines of Kemira comprise of polymers and other process chemicals, sizing and strength, coagulants and bleaching chemicals.

Kemira is seeking growth from new products and applications. We aim to increase our innovation revenue to 10% of total revenue by 2016. The revenue target for 2016 is EUR 250 million. In 2014, our innovation sales totaled EUR 164 million, which is approximately 8% (7%) of Kemira's revenue. By innovation sales we mean sales from new products or products to new applications launched within the past five years.

SUSTAINABILITY EVALUATION INTEGRATED INTO NEW PRODUCT DEVELOPMENT PROCESS

Our R&D and Technology function is responsible for all R&D activities in Kemira and coordinates the New Product Development (NPD) process activities across organizational units.

Sustainability aspects covering economic, environmental, and social impacts are systematically evaluated in the NPD process.

SUSTAINABILITY CRITERIA IN THE NPD PROCESS

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

The NPD process consists of development stages and decision gates (1–5). Successful projects must demonstrate high quality and business relevance from stage to stage. The process offers a systematic approach for evaluating and mitigating technical and market risks and understanding market potential.

Sustainability reviews are required at every stage of the NPD process to ensure that sustainability criteria are met. The evaluation is conducted considering impacts on both Kemira's own operations as well as on customers' processes. The NPD process also aims to identify more sustainable alternatives for raw materials.

In 2014, we reached our target to apply sustainability checks in all new NPD projects at Gate 1 and in existing NPD projects at Gates 2–4. The sustainability checks at Gates 1–4 are now based mostly on qualitative evaluation. We continue to develop the sustainability check towards more quantitative evaluation in order to be able to demonstarate the sustainability impacts with numerical benefits.

SUSTAINABLE INNOVATIONS DEVELOPED IN 2014 INCLUDE E.G.:

- New biocide targeted to paper machine surfaces for improved performance in biofilm control – thereby reducing total quantity of toxic chemistries needed and improving operational efficiency in paper production (Fennocide TR20)
- New thermally stable antiscalant, designed for scale inhibition in oilfield steam flood applications, enables heavy oil production in a field that would otherwise be shut-down and offers improved production yield through reduction in downhole deposition, formation plugging and decreased maintenance and shutdown times of axillary equipment (KemGuard® 2708

PRODUCT STEWARDSHIP AT KEMIRA

At Kemira, product stewardship goes beyond regulatory compliance, which in itself sets tight controls on the manufacture and sale of chemicals.

One of the key principles of product stewardship for chemicals focuses on efficient risk assessment: identifying the intrinsic properties of the substance, the use conditions and the potential exposure to that chemical. This analysis helps us in focusing our product and process development efforts in areas where our impacts on the safety and sustainability of the value chain are the greatest. This approach is also an integral element of the global chemical industry's Responsible Care® initiative, which Kemira is committed to.

Kemira's customers are ambitious in their sustainability targets and follow several voluntary certification schemes, such as the EU Ecolabel, which set further expectations on our offering. Product stewardship and chemical management are also impacted by public discussions and concerns. Kemira follows all these developments closely and takes an active approach to fulfilling the expectations of different stakeholders.

PRODUCT REGULATORY COMPLIANCE

The manufacturing and sale of chemicals is widely regulated around the world. Regulation is developing rapidly, setting new demands on compliance.

There are various layers of regulations:

1) Regional and country specific inventories and substance registrations such as TSCA in USA (Toxic Substances Control Act), IECSC in China (China Existing Chemical Inventory), and REACH Regulation in EU
2) Regulations related to hazard communication: classification, labeling, safety data sheets
3) Application specific chemical regulations such as food contact regulations, biocide regulations and off-shore chemicals notification schemes
4) Operational and site specific requirements related to e.g. environmental permits for operations, and workplace health and safety regulations.

A centrally managed Product Stewardship & Regulatory Affairs organization gives an opportunity to optimize the efforts to comply with all relevant regulations across the globe.

Key activities relating to regulatory compliance in 2014 included:

- Preparations for the remaining EU REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) registrations continued, in order to meet the registration needs before the end of the third and final transitional registration deadline in 2018.
- Registration work under the EU Biocidal Products Regulation continued.

- In China, the required Hazardous Chemicals Registrations were completed in 2014.
- Implementation of the United Nations Globally Harmonized System (GHS) for classification and labeling of chemicals continued in several countries. We are prepared to implement the new classifications with new safety data sheets and labels by 1st of June 2015 in EU (under CLP Regulations for chemical mixtures), US and Brazil (chemical mixtures).

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS
Products and services (EN27, EN28)
Customer health and safety (PR1, PR2)
Product and service labelling (PR3, PR4)
Marketing communication (PR6)
Product compliance (PR9)

2.3 RESPONSIBLE BUSINESS PRACTICES

The management approach of Kemira's responsible business practices is based on the development and implementation of compliance management. We conduct our business ethically and in compliance with applicable laws, regulations and Kemira's own policies throughout the organization.

KEMIRA GROUP COMPLIANCE PROGRAM

The Kemira Code of Conduct, together with internal policies and procedures, sets the standards for expected behavior within the company. The Code requires compliance with laws and regulations and adherence to company policies by all Kemira employees.

Our Ethics and Compliance management is organized as part of the Legal function. It focuses on coordinating and developing our compliance activities and promoting the principles of ethical business behavior.

The Kemira Compliance Program was launched in 2014 to further develop compliance management at Kemira on a continuous basis. Key achievements during the year included the establishement of a Compliance Committee, definition of the process for handling non-compliance issues, and validation of the compliance training portfolio.

The Compliance Committee reviews all non-compliance cases reported through the Ethics and Compliance Hotline and other channels, and decides on the relevant resolution processes. Members of the committee include the Group General Council, Chief Internal Auditor, and Director, Ethics and Compliance.

Our compliance training portfolio covers eLearning modules for Code of Conduct, Competition Law, Insider information and Anti-Bribery.

KEMIRA CODE OF CONDUCT

The Kemira Code of Conduct sets guidelines for different aspects of business conduct in line with our values, the principles set out in the OECD Guidelines for Multinational Enterprises and other norms and regulations. The current and revised Code was approved by the Board of Directors in December 2012, and its implementation began in the beginning of 2013.

Kemira policies and procedures complement the Code of Conduct. All our policies and procedures are regularly reviewed and updated.

Kemira has zero tolerance for breaches of competition law and we do not tolerate any corruption or bribery. Environment, health and safety, and respect for human rights are also highlighted in the Code. Kemira does not accept financial support to politicians, political parties or political organizations. The main channels for Kemira to contribute to public policy development are through relevant trade and industry associations.

CODE OF CONDUCT TRAINING

All our employees are expected to comply with the Kemira Code of Conduct. Training is organized to raise awareness of the Code's requirements and of how to report non-compliance. Our target in 2013 was to train all Kemira employees on the Code. 90% of the employees completed the training in 2013. We have continued the training in 2014 with a completion rate of 95%. All new employees are trained as part of the induction process, and all employees are invited to repeat the training on a regular basis. All completed trainings are registered in the Kemira Learning Management System.

The Code of Conduct is available in 21 languages and distributed to all our employees. It can also be found at www.kemira.com.

ETHICS AND COMPLIANCE HOTLINE

Kemira Ethics & Compliance Hotline was launched in 2013 as a 24/7 service for employees to report any non-conformities with law or the Code of Conduct. Reporting can be done anonymously either by calling the hotline or filling in a web form. Awareness about the hotline has been promoted through employee communications. The hotline is maintained by an external service provider to enable anonymous contacting.

In addition to the hotline, employees can report suspected non-conformities to their own line management, Kemira's Ethics and Compliance or Internal Audit functions. In 2014, 22 notifications were received through the hotline, and all cases were handled and closed during the year.

An email address sustainability@kemira.com is available for external enquiries and reporting of potential misconduct with respect to Kemira or its business partners. This information is available on our website as well as in the Kemira Code of Conduct for Suppliers, Agents and Distributors.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS
Anticorruption (SO3, SO4, SO5)
Public policy (SO6)
Anticompetitive behaviour (SO7)
Compliance (SO8) (EN29 by EHSQ ,PR9 by PSRA)
Grievance mechanism (EN34, LA16, HR12, SO11)

2.4 RESPONSIBILITY FOR EMPLOYEES

Kemira's responsibility for employees focuses on safety, employee engagement, performance management and leadership development. Our management approach is aimed at ensuring a safe workplace as well as the necessary know-how, strong leaders and engaged people to successfully execute Kemira's strategy.

SAFETY AT WORKPLACE

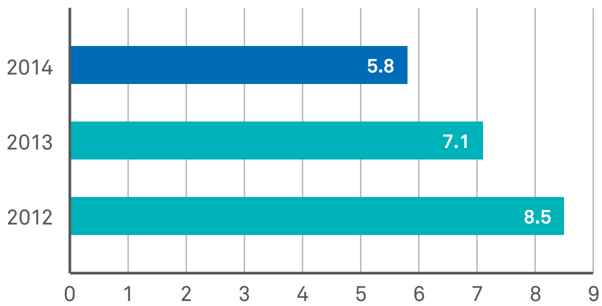
Kemira's vision is "Zero harm to people". We include both our own employees as well as contractors working at our sites and facilities in our safety efforts and reporting.

Kemira maintains a strong culture for safety through committed management, skilled and well-trained employees, consistent incident and observation reporting and improvement actions addressing root causes. In 2014, we introduced seven internal standards with health, safety and environmental practises in our operations globally, e.g. Process Safety Standard, Transportation Standard, Facility Standard and Laboratory Standard.

Our policy is to have all manufacturing sites certified in accordance with the OHSAS 18001 occupational health and safety management system standard. By the end of 2014, 75% of Kemira's manufacturing sites were covered by the OHSAS 18001 certification.

Our safety performance is measured by TRI frequency (Total Recordable Injuries per million work hours) which includes fatalities, lost time injuries, restricted work cases and medical treatment cases involving both Kemira employees and contractors working for Kemira. The improving performance trend since 2012 is reflecting the positive development of our safety culture, systems and awareness. By the end of 2014, we reported 5.8 injuries per million work hours. Contractor work hours have been included in the TRI frequency in 2014. No fatalities have been associated with Kemira employees since 2005.

TRI FREQUENCY PER MILLION WORKING HOURS
Kemira personnel and Contractors

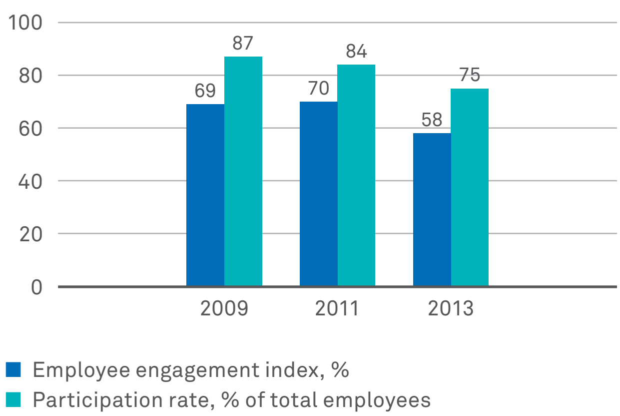


EMPLOYEE ENGAGEMENT

Engaged employees are highly committed to their employer and motivated to perform. Kemira is regularly conducting employee surveys to gather employee feedback and measure employee engagement.

A comprehensive Voices@Kemira survey is conducted biennially. The survey focuses on employee engagement; what factors motivate Kemira employees to succeed. Other important themes include strategy and leadership, growth and development, performance management, corporate responsibility, collaboration and communication, as well as the Kemira values. A smaller scale employee survey Pulse is conducted twice per year. Kemira's target is to have an employee engagement index at or above the industry norm and a participation rate of 75–85% by the end of 2015.

EMPLOYEE ENGAGEMENT
Employee engagement index at or above the external industry norm by 2015, participation rate 75–85%



In 2013, Kemira was implementing organizational restructuring measures, which is presumably one of the reasons for a lower response rate and engagement index. The next survey is due in 2015.

VOICES@KEMIRA SURVEY RESULTS

According to the Voices@Kemira 2013 survey, Kemira employees find their jobs challenging and interesting, with good opportunities for career development. We have continued to focus on offering learning and career development opportunities for our employees through job rotation, open job market, and by defining career paths. Additionally, the implementation of several online applications provides employees and managers with an easy access to development tools and processes.

Enhancing performance management, especially accountability for low performance was recognized as a development area. This has been addressed by developing and expanding the coverage of our global Performance Management process during 2014. Other key focus areas during the year included engaging teams and individuals in Kemira's strategy through quaterly business reviews, team meetings to discuss strategy and business results as well as senior management and CEO visits to local sites. The latest Pulse survey, conducted in Q4 2014, indicates an improvement in all areas of employee engagement.

In 2014, 95% of all managers that had teams participating in the Voices@Kemira survey prepared an action-plan and started its implementation to address the development areas raised in the survey. Improving employee engagement was one of the key priorities and bonus targets for Kemira's top management in 2014.

PERFORMANCE MANAGEMENT

Kemira's Performance Management process covers both Performance and Development Discussions (PDD) and Performance Evaluation. The implementation of the Performance Management process has enabled the consistent and aligned target-setting throughout Kemira. Strategic goals are converted to a strategic roadmap, which translates into annual targets for each employee.

The PDDs are held twice a year between the manager and employee with focus on setting, following-up and evaluating performance targets, discussing employee's career aspirations, identifying and agreeing upon short and long-term personal development needs and related actions.

Our target in 2014 was to have 95% employees covered by the global Performance Management process, including blue-collar employees at manufacturing sites. This target was achieved.

LEADERSHIP DEVELOPMENT

Kemira's Leadership Development programs aim at developing capable leaders who are well-equipped to create and implement strategy and lead people.

In 2014, we updated our program portfolio to address the current demands for leadership; innovation leadership, leading a sustainable business, and leading and managing in a networked environment were some of the new themes included.

We strive to develop leaders within. This is enabled through our talent management and succession planning process, which was expanded to cover all units in 2014.

One of the most effective ways to develop leadership capabilities is on-the-job learning. We encourage job rotation across the organization through open job market, cross-functional resourcing reviews in management teams, and communicating about the different professions at Kemira. The job-rotation intensity has significantly increased at Kemira in 2014.

Our target is to involve people managers in global leadership programs at least once in the period 2013–2015. By the end of 2014, 46.4% (cumulative 2013–2014) of our leaders had participated in one or more of our globally offered development programs. By the end of 2015 we aim to have covered 95% of leaders respectively.

PEOPLE PROCESS DEVELOPMENT

The implementation of several online tools enabling the consistent execution of people processes such as talent management, learning management, recruitment and compensation management were completed in 2014. With these online tools people managers and HR are able to manage people processes efficiently. For example the learning management tool enables an online training portfolio available to all employees and the management of information relating to completed training activities.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS
Employment (LA1, LA2)
Labor/Management Relations (LA4)
Occupational health and safety (LA6)
Training and education (LA9, LA10, LA11)
Diversity and equal operation (LA12)
Equal remuneration for women and men (LA13)
Non-discrimination (HR3)
Freedom of association and collective bargaining (HR4)
Human rights assessement (HR9)

2.5 RESPONSIBLE SUPPLY CHAIN

The environmental and social impacts of Kemira's supply chain can be influenced through supplier selection, contract negotiation and supplier performance management. Our management approach is aimed at building a culture of responsibility in the supply chain management, developing responsible business practices in the supply chain, and minimizing business disruption due to potential environmental or social issues.

KEMIRA'S SOURCING AND SUPPLY CHAIN (G4-12)

Our Sourcing is globally responsible for strategic spend management and is independently organized from the operational supply chain management services. Sourcing activities cover the identification of suppliers, negotiation and contract management as well as the management of supplier relationships.

Supply Chain Management provides supply chain related services to all business segments, once the supplier relationships are established by Sourcing. Supply Chain Management services cover customer service, logistics, supply chain planning, and procurement. The Supply Chain Management is organized in four regional units providing all the services within the respective region.

The total spend of Kemira's direct and indirect sourcing was about EUR 1.7 billion in 2014. The total number of direct and indirect suppliers is about 13,000 including all sourcing categories on both global and local level. Geographically 82% of these supplies are from EMEA and NAFTA.

KEMIRA HAS ABOUT 650 DIRECT MATERIAL SUPPLIERS. THE 120 CORE VENDORS MAKE 80% OF THE DIRECT MATERIAL SPEND.

BY THE END OF 2014, 49 SUPPLIER SUSTAINABILITY ASSESSMENTS HAD BEEN CONDUCTED.

DISCIPLINED MANAGEMENT OF SUPPLIER RELATIONS

The supplier relationship management at Kemira is built on three pillars: supplier segmentation, commitment to responsible business conduct, and supplier performance evaluation.

The supplier selection criteria are based on cost competitiveness, short-term operational excellence and long-term business stability. All activities of any Sourcing personnel or anyone within Kemira committing to any spend are governed by the Kemira Code of Conduct. Suppliers are expected to adhere to responsible business conduct by signing the Code of Conduct for Suppliers, Distributors and Agents.

Kemira launched a Supplier Performance Evaluation (SPE) program in 2012. The evaluation covers multiple aspects of the supplier's operations. We have also initiated a Supplier Sustainability Assessment as part of Supplier Performance Management program.

CODE OF CONDUCT FOR SUPPLIERS, DISTRIBUTORS AND AGENTS (COC-SDA)

All our suppliers must follow our Code of Conduct for Suppliers, Distributors and Agents in their activities with Kemira. The CoC-SDA sets requirements e.g. for responsible business conduct, respect for human rights and environmental responsibility. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value of EUR 200,000 for Indirect and EUR 500,000 for Direct Materials. Should a supplier refuse to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such a supplier.

Our target is that by the end of 2015, 90% of repeat suppliers have signed the CoC-SDA when the purchase contract is made. By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. The effective tracking of CoC-SDA for supplier contracts and the timely resolution of non-compliance issues have been key activities in reaching the target. The signed CoC-SDAs are registered in the Kemira contract archive.

SUPPLIER SUSTAINABILITY ASSESSMENT

Kemira's practice to measure, analyse and drive its suppliers' performance towards continuous improvement and to alleviate potential risks is managed through the Supplier Performance Management program. We conduct supplier performance evaluations and rate our suppliers for the accuracy of price and quantity, delivery compliance and quality claims, in order to identify potential issues that need improvement.

Supplier Sustainability Assessments have been initiated as part of the Supplier Performance Management program. These assessments cover the most critical and risky suppliers based on segmentation by several criteria, including the value of the spend, technology and capability fit with Kemira's needs, as well as a set of risk factors.

Supplier Sustainability Assessments are conducted by an external third party company specialized in standardized supplier evaluation and auditing based on the principles of the UN Global Compact and Responsible Care. Our target in 2014 was to assess 45 suppliers. Approximately 60 suppliers were invited to participate, covering mainly direct material suppliers but also some service and logistics providers. By the end of 2014, 49 supplier assessments had been conducted.

LOGISTICS OPERATIONS AND TRANSPORTATION SAFETY

Greenhouse gas emissions from our upstream and downstream transportation and distribution cover approximately 10% of our Scope 3 emissions. This is significantly more than Kemira's Scope 1 emissions from our manufacturing. The key measures to lower our environmental impact caused by transportation are the optimization of logistic operations and selection of logistics service providers that are committed to using vehicles compliant with the latest emission standards and load optimization. Safety and environmental requirements are taken into account in logistics sourcing and contract negotiation.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS
Supplier assessment (EN32, LA14, HR10, SO9)
Emissions (EN17) – Scope 3 related to supply chain
Transport (EN30)

2.6 RESPONSIBLE MANUFACTURING

The main environmental and social impacts of Kemira's manufacturing operations are through greenhouse gas emissions and process safety. In 2014, we focused on reducing greenhouse gas emissions, conducting a water risk assessment and ensuring the safety of our operations.

CLIMATE CHANGE

Kemira introduced a climate change target in January 2014. We aim to reduce the Kemira Carbon Index by 20 percentage points by the end of 2020 compared to the baseline year 2012. Our key measures to lower greenhouse gas emissions include improving energy efficiency at manufacturing sites and purchasing energy and primary fuels with a lower carbon footprint. Our strategy is to continue to decrease the share of fossil fuels in our energy mix and to improve our energy efficiency in order to both decrease our environmental impact and to lower our operational costs. Our energy efficiency and emission reduction measures focus on the top 14 sites of our manufacturing network of 59 sites (year end 2014). These 14 sites consume 90% of energy and produce 95% of our CO_2 emissions.

ENERGY EFFICIENCY IMPROVEMENT (SCOPE 1)

Energy efficiency improvement is important to us also due to the considerable effect of energy costs on our total spend. Our energy efficiency improvement measures in 2014 included e.g. process lead-time improvements and investments in more energy efficient process equipment. Two energy intensive chlorate plants in Finland, Joutseno and Sastamala, were updated with modernized process equipment.

In 2014, Kemira's energy savings totaled EUR 1.2 million, and 1855 MWh as energy. Cumulative cost-savings since 2010 total EUR 8.4 million. These savings result from 9 (cumulatively approximately 400) different completed initiatives.

GENERATING ELECTRICITY WITH ZERO EMISSIONS IN BRADFORD

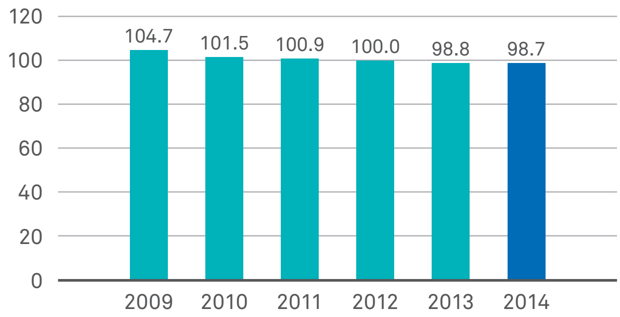
Kemira's Bradford site has been taking steps to reduce the financial and environmental implications of its use of natural gas and electricity. A great deal of work has been done to increase the energy efficiency of the Bradford manufacturing operations, resulting in 20% reduction in energy consumption per ton of production, compared to the 2001 levels.

Solar Photovoltaic panels have also been installed on the roof of the Bradford warehouse to enable the site to generate its own clean electricity. The system consists of 1000 solar panels, each rated to 250W, giving a total installed capacity of 250kW. The system is expected to generate an annual total of approximately 180MWh of electricity with zero emissions, reducing the CO_2 emissions related to the Bradford operations by in excess of 75,000kg per year.

PURCHASED ENERGY (SCOPE 2)

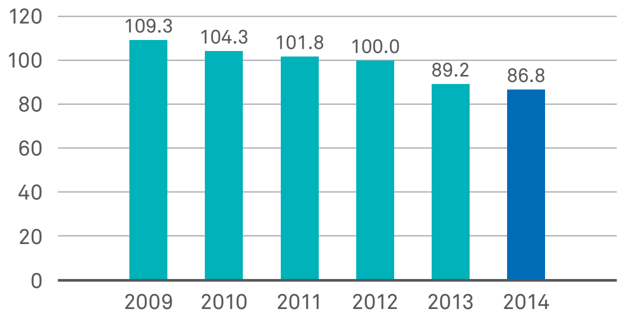
Kemira's operations in Finland are the biggest energy user in the Kemira group. These operations also use a significant amount of electricity from renewable and low carbon sources. Kemira owns shares in energy production companies PVO (Pohjolan Voima Oy) and TVO (Teollisuuden Voima Oy) and receives guarantee of origin certificates for hydro electricity. The issued guarantees are used by Kemira.

KEMIRA ENERGY EFFICIENCY INDEX



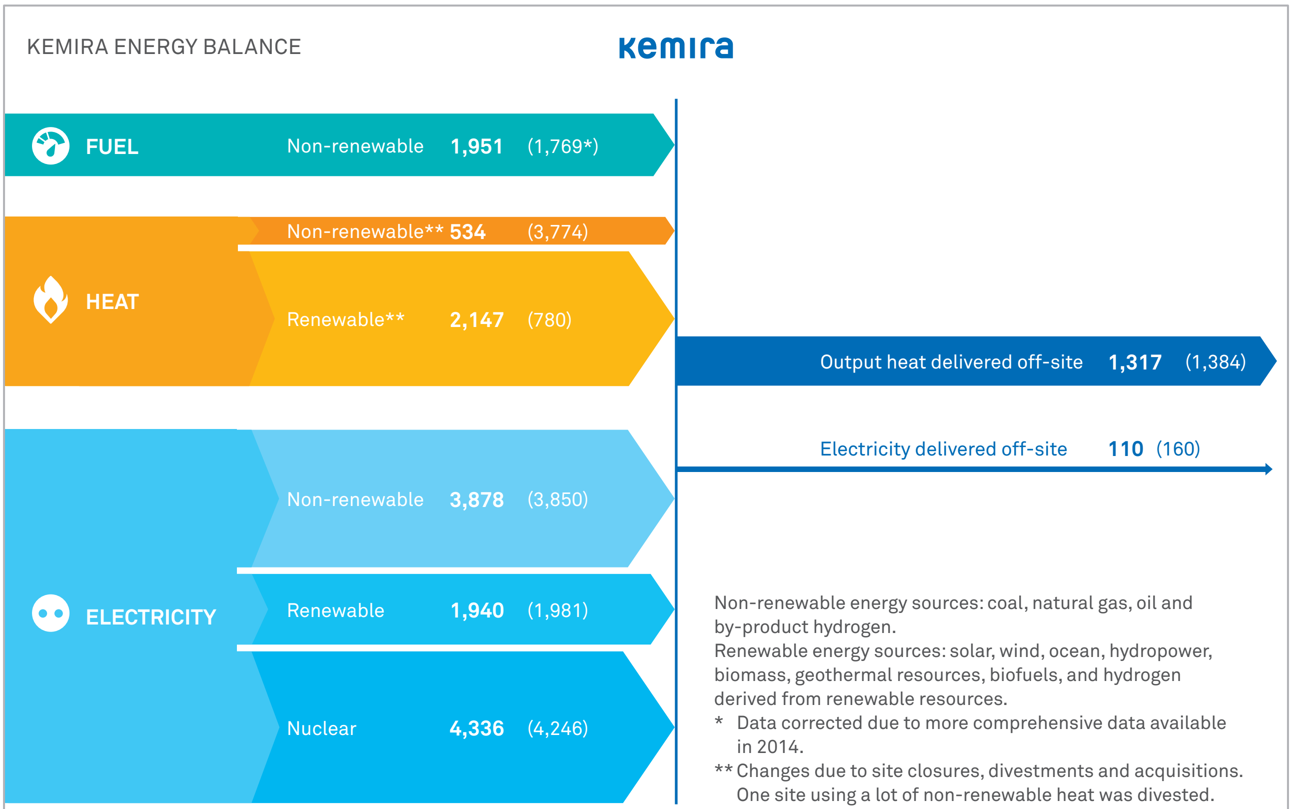
The Energy Efficiency index is the ratio of energy use and production normalized to 2012 for the top sites using 90% of energy. The index is calculated for major sites that cover > 90% of Kemira's total energy use. The index is independent of the impact of changes in the production mix and volumes. The index enables us to monitor energy efficiency from the consolidated perspective as well as locally at each site, reflecting the actual improvements we have achieved.

KEMIRA CARBON INDEX
Based on Scope 1 and Scope 2 emissions



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

KEMIRA ENERGY BALANCE



Non-renewable energy sources: coal, natural gas, oil and by-product hydrogen.
Renewable energy sources: solar, wind, ocean, hydropower, biomass, geothermal resources, biofuels, and hydrogen derived from renewable resources.
* Data corrected due to more comprehensive data available in 2014.
** Changes due to site closures, divestments and acquisitions. One site using a lot of non-renewable heat was divested.

WATER EFFICIENCY

Our target for water efficiency was set in 2012. We wanted to analyze the baseline of our water usage in relation to environmental impact and local water availability and to define a water efficiency program by the end of 2014. The goal was to understand what kinds of water management measures may be required on both global and local level. In 2013, we harmonized our water data collection from our manufacturing sites and focused on data accuracy improvement and reporting. In 2014, a water risk assessment was conducted to define potential risks from Kemira operations to local water resources and environment, and any potential risks to business due to water scarcity.

In Kemira's manufacturing, water is mainly used as process water and cooling water. The assessment was carried out at 54 sites globally by using the Global Water Tool (WBCSD) to identify hot spots, and the Local Water Tool to identify site specific water risks.

The Global Water Tool results show that three manufacturing sites are located in areas with extreme water scarcity (Annual Renewable Water Supply per Person <500 m^3/person/year).

Four sites were selected for more detailed risk assessment based on two criteria: 1) Global Water Tool results: If the site is in an area of extreme scarcity and 2) Kemira's water usage data: If the site is among the TOP 5 users of process water in general, or a user of high amounts of ground water or municipal water.

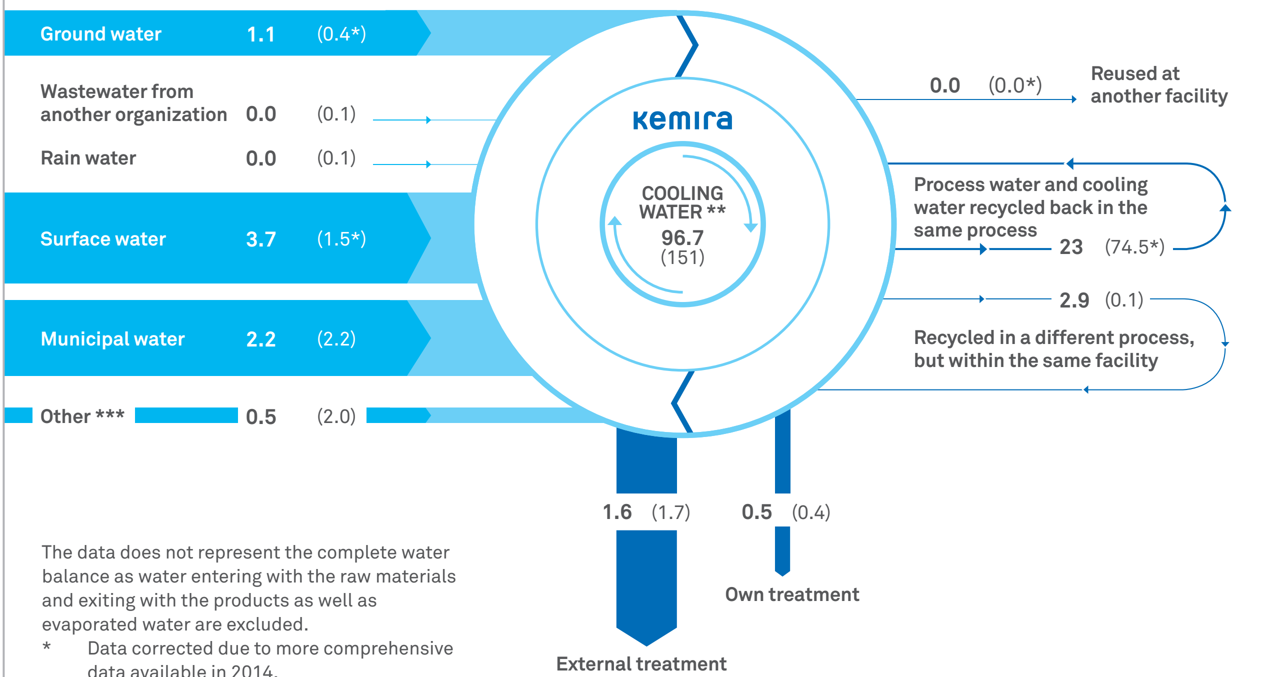
The Local Water Tool results indicate that Kemira operations pose a low risk to local water resources. However, water scarcity may pose a business discontinuity risk to Kemira operations at one manufacturing site.

Kemira's water usage was also benchmarked to other companies in the chemical industry sector. Our water intensity is below the industry average when only process water is taken into account but above the average when cooling water in circulation is included.

Based on the findings, it can be concluded that water risks are not material for Kemira on a global level. However, on a local level site specific approaches for managing water related risks are relevant. Water withdrawal and discharge will be included as new environmental aspects in the ISO 14001 management system. In addition, at the four selected sites a detailed assessment will be conducted to define the management plan going forward.

KEMIRA WATER BALANCE

million m^3



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

* Data corrected due to more comprehensive data available in 2014.

** Cooling water is directly discharged or recycled as process water.

*** Mainly treated water from another industrial facility.

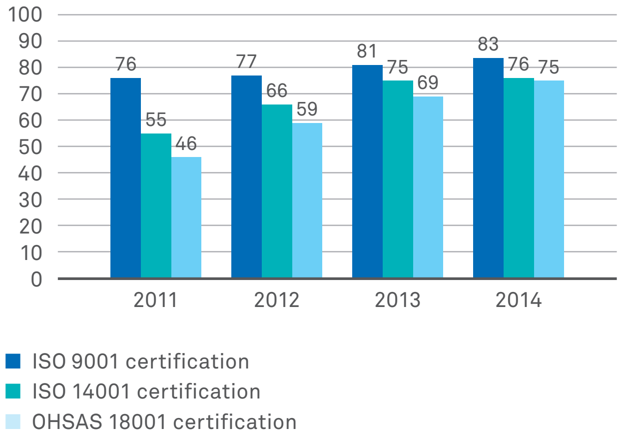
MANAGEMENT SYSTEMS

Our approach to reducing Kemira's environmental impacts and improving the safety of our manufacturing operations is based on the systematic implementation of the ISO standard based management systems and the LEAN culture

Our Environment, Health, Safety and Quality (EHSQ) Policy requires all Kemira companies and operations to implement and maintain certified Environmental, Health, Safety and Quality management systems.

Our LEAN manufacturing culture aims at continuous improvement to achieve more with less while providing increasing value to customers. Measures include e.g. the optimization of value chains and flows of information and improving production efficiency.

CERTIFIED MANUFACTURING SITES, %



CERTIFIED SITES BY THE END OF 2014

2014		ISO 9001 certification		ISO 14001 certification		OHSAS 18001 certification	
Manufacturing sites by region	**Total # of sites**	**#**	**%**	**#**	**%**	**#**	**%**
EMEA	32	30	94	28	88	27	84
North America	22	14	64	14	64	14	64
South America	3	3	100	2	67	2	67
APAC	2	2	100	1	50	1	50
Total	59	49	83	45	76	44	75

SAFETY AT MANUFACTURING SITES

Kemira has continued to implement its EHSQ strategy introduced in 2013. In 2014, our focus was on implementing the strategic roadmap towards becoming world-class in EHSQ.

We have also continued to introduce new EHS standards e.g. for process safety and transportation safety. We have provided training for our employees on the new EHS standards in order to improve workplace safety.

KEMIRA'S EHSQ VISION IS:
Zero harm to people through health & safety excellence
Zero environmental harm through environmental excellence
Customer satisfaction through operational excellence

The minimum requirements for Safety, Environment and Health protection, Incident reporting and management are described in the Kemira EHS standards that are approved by the Management Board. Local procedures are developed based on Kemira standards, local legislation, regulations and culture. Training for standards is an important part of the implementation. Regular audits are also conducted to follow-up the standard implementation.

MANAGING THE ENVIRONMENTAL IMPACTS OF OUR MANUFACTURING OPERATIONS

We conduct environmental impact assessments and emission monitoring at every manufacturing site as defined by the regulatory requirements, the ISO 14001 management system and Kemira's own internal standards.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS
Materials (EN1, EN2)
Energy (EN3, EN5, EN6)
Water (EN8, EN10)
Emissions (EN15, EN16, EN17, EN18, EN19, EN20, EN21)
Effluents and waste (EN22, EN23, EN24, EN25)
Environmental expenditures and investments (EN31)
Environmental compliance (EN 29)
Local communities (SO2)

2.7 RESPONSIBILITY TOWARDS THE LOCAL COMMUNITIES

Kemira wants to promote positive interaction with the communities where we operate. Our focus is on ensuring that we have continuous dialogue with local communities to understand and to respond to their needs, concerns and expectations. In addition, we want to provide opportunities for Kemira employees to participate in local community initiatives, which also has a positive impact on employee engagement.

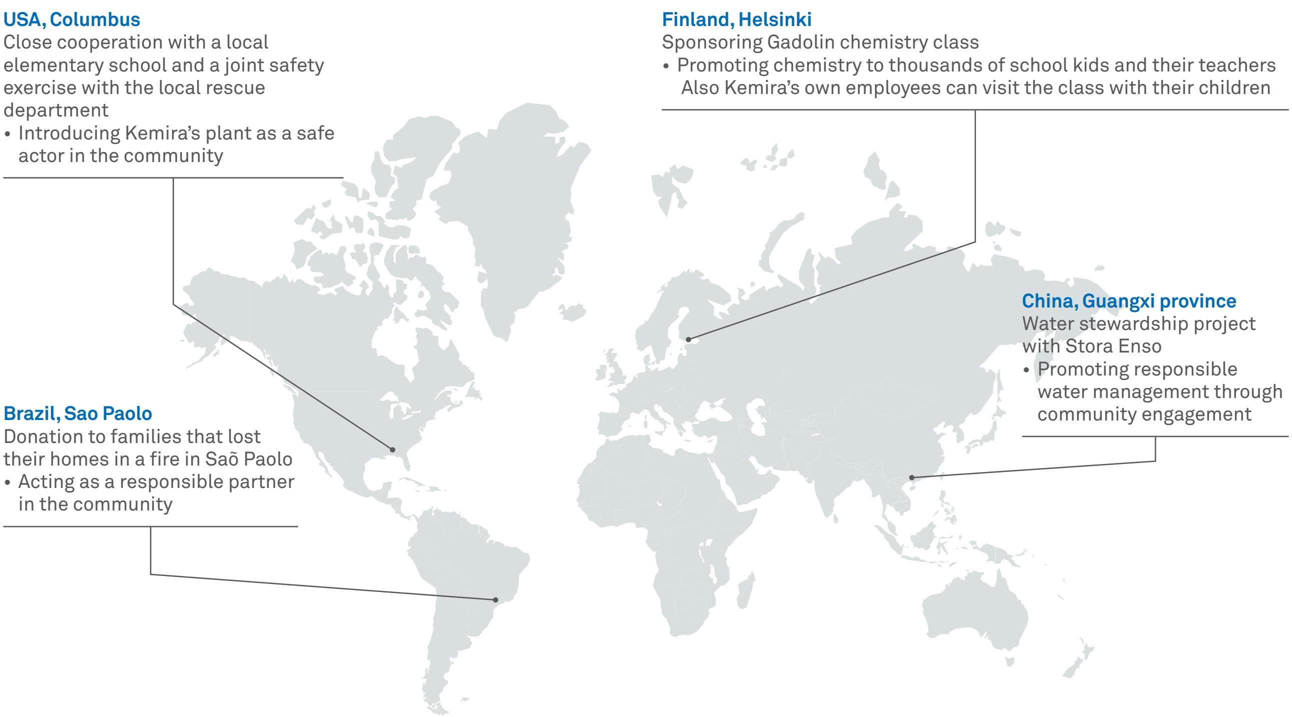
Our community involvement activities are globally coordinated but locally planned and implemented. The Communication & Corporate Responsibility function is responsible for global guidelines, coordination and reporting while site management is responsible for the implementation of local activities.

Our global guidelines for the planning of local community events were updated in 2014. Kemira's engagement themes relate to safety in the vicinity of our manufacturing sites, people safety and wellbeing, water and chemistry. Kemira's Group Sponsorship and Donation Policy (2013) provides guidance on the extent and purpose of acceptable cash donations.

Our community involvement target is to engage all Kemira sites with over 50 employees (26 sites in 2014) in local community initiatives at least once in the period 2013–2015 (cumulative %). By the end of 2014, 92% of Kemira's sites had organized local events and activities, with some sites hosting multiple activities over the year. Activities are selected according to local customs and requirements. Some examples of local activities are open house days for community residents at manufacturing sites, cooperation with local schools and universities, and local charity work and donations.

FOR MORE INFORMATION, SEE THE MATERIAL ASPECTS AND THE RESPECTIVE GRI-G4 INDICATORS
Local communities (SO1, SO2)

EXAMPLES OF COMMUNITY INVOLVEMENT



In 2014, approximately 85 community involvement activities were organized at 26 major Kemira sites.

3 PERFORMANCE DISCLOSURES

3.1 ECONOMIC PERFORMANCE INDICATORS

MATERIAL ASPECT: ECONOMIC PERFORMANCE

G4-EC1: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Sustainable organic growth, financial stability and long-term profitability are material to Kemira in order to be a trusted business partner for customers and suppliers, a reliable employer, an attractive long-term investment and a responsible taxpayer.

Kemira generates economic value from expertise, products and solutions that help customers improve their process efficiency, end-product quality and to treat water for the desired quality and purity. Kemira distributes the generated economic value to various stakeholders. This includes suppliers and service providers through payments for raw materials and services, employees through compensation and benefits, capital providers through dividends and interest payments, public sector through taxes and society through local community projects, sponsorship and donations. The economic value retained is reinvested in the company for capital investments, R&D and technology development.

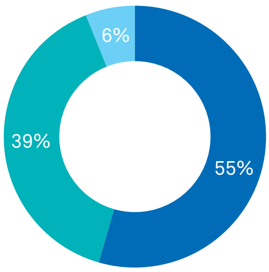
The management approach to economic value generated and distributed is based on the Finnish Corporate Governance Code and the Limited Liability Companies Act, which states that the purpose of a company is to generate profits for its shareholders, unless otherwise provided in the Articles of Association. Kemira has defined its mid-term financial targets as follows: revenue target EUR 2.7 billion and EBITDA level 15% by the end of 2017. The Group's financial targets are translated into business goals and performance measures per segment and further to individual employee's performance targets. Kemira reports and discloses its financial statements in accordance with the International Financial Reporting Standards (IFRS).

The overall responsibility for financial performance at group level belongs to the Board of Directors and CEO. Kemira has organized its global activities by three business segments, which bear full profit and loss responsibility. The segment heads are members of the Management Board. For detailed information, see Kemira Corporate Governance Statement.

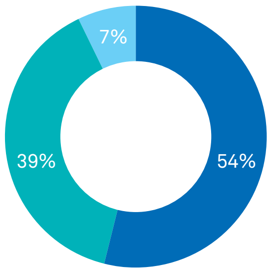
Stakeholder	Economic value (on cash basis), EUR million	2014	2013	2012	2011
	Direct economic value generated				
Customers	Income from customers on the basis of products and services sold, and financial income	2,100.3	2,267.8	2,312.1	2,192
	Economic value distributed				
Suppliers	Payments to suppliers of raw materials, goods and services	1,683.5	1,686.2	1,736.5	1,654
Employees	Employee wages and benefits	283.3	327.1	340.4	299.3
Shareholders & lenders	Dividends, interests paid and financial expenses	111.8	112.8	113.8	101.4
Public sector	Corporate income taxes	33.4	26.5	30.2	37.4
	Economic value retained	-11.7	115.2	91.2	99.9

Community investments were EUR 0.1 million in 2014 (EUR 0.33 million) through sponsoring and local community participation.

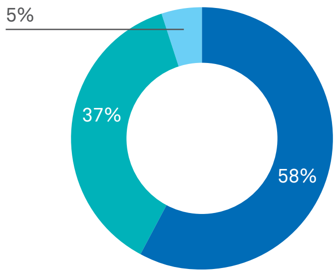
REVENUE BY CUSTOMER LOCATION



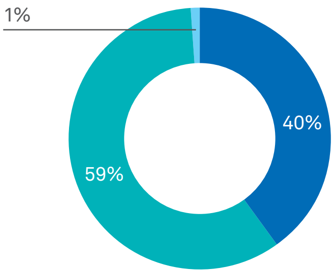
PAYMENTS TO SUPPLIERS OF RAW MATERIALS, GOODS AND SERVICES



EMPLOYEE WAGES AND BENEFITS



CORPORATE INCOME TAXES



- EMEA
- Americas
- APAC

OUR APPROACH TO TAX

Business rationale: We are a responsible corporate citizen in all our operating countries. Kemira's tax approach supports responsible business performance. Our tax approach is based on our corporate strategy and values, the Kemira Code of Conduct and our tax policies. We target upfront certainty on our tax positions. We do not operate in tax haven countries for tax reasons.

Compliance: Our principle is to strictly follow and pay taxes in accordance with all relevant tax rules and regulations as well as international best practices in all regions where we operate. In addition to corporate income taxes, Kemira pays other taxes, including payroll taxes, social security contributions, property taxes, value added taxes, customs duties, etc.

Transparency and relationship with tax authorities: We are transparent about our approach to tax. We seek to develop and maintain good working relationships with the tax authorities and aim at open and constructive dialogue with them. Disclosures are made by observing applicable disclosure, documentation and reporting requirements such as IFRS.

Transfer pricing: Kemira applies the arm's length principle and targets an appropriate remuneration of the activities amongst related parties in accordance with internationally accepted standards, such as the OECD Guidelines.

G4-EC3: COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS

The coverage of Kemira's defined benefit plans are reported in the Notes to the Consolidated Financial Statements 23: Defined benefit plans. Kemira has various pension plans in accordance with local conditions and practices. The percentage of salary contributed by employee or employer to the benefit plan, and the level of participation in retirement plans are defined according to local legislation and practices.

G4-EC4: FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

Financial assistance received from governments is reported in the Notes to the Consolidated Financial Statements 4: Operating expenses. Kemira received EUR 2.1 million (EUR 3.5 million) in government grants for R&D in 2014 in Finland.

3.2 ENVIRONMENTAL PERFORMANCE INDICATORS

MATERIAL ASPECT: MATERIALS

G4-EN1: MATERIALS USED BY WEIGHT OR VOLUME

The main share of Kemira's raw materials are non-renewable materials. The renewable materials used include starches, tall oil, and fatty acid derivatives.

G4-EN1: MATERIALS USED BY WEIGHT

	2014	2013	2012
Total materials purchased, million tonnes	3.6	3.9	3.6
Renewable materials used, million tonnes	0.059	0.059*	0.03
Non-renewable materials used, million tonnes	3.6	3.9	3.6
Share of renewable materials, %	1.6%	1.5%*	0.8%

*) Data corrected due to more comprehensive information available in 2014

KEMIRA IS USING SIGNIFICANT AMOUNTS OF INDUSTRIAL BY-PRODUCTS AND RECYCLED MATERIALS FROM EXTERNAL PARTNERS IN THE PRODUCTION OF COAGULANTS.

G4-EN2: PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS

Kemira is using a number of raw materials classified as industrial by-products or recycled input materials in its production of water treatment chemicals. Materials considered as by-products or waste in various other industries can be an important raw material for us. These materials include e.g. scrap iron, ferrous sulphate and pickling bath liquor.

G4-EN2: PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS

	2014	2013	2012
Total materials purchased, million tonnes	3.6	3.9	3.6
Industrial by-product and recycled input materials from external partners, million tonnes	0.897	0.913*	0.938
Share of by-product and recycled materials, %	25%	23%	26%

*) Data corrected due to more comprehensive information available in 2014

MATERIAL ASPECT: ENERGY

G4-EN3;EN5; EN6: ENERGY CONSUMPTION WITHIN THE ORGANIZATION, ENERGY INTENSITY AND REDUCTION OF ENERGY CONSUMPTION

SUMMARY OF ENERGY INDICATORS: ENERGY CONSUMPTION , ENERGY INTENSITY AND REDUCTION OF ENERGY CONSUMPTION

	GRI-G4 indicator	2014	2013	2012	2011	2010
Purchased energy						
Fuel consumption, ktoe		47	42	49	56	54
Fuel consumption as raw material, ktoe		83	120	114	121	116
Purchased electricity, TJ		10,152	10,077	9,620	10,682*	10,404*
Purchased heat, TJ		2,682	4,553	4,367	4,873*	4,726
Purchased energy by primary sources, TJ [1]		27,703	29,487	29,284	32,122	
Energy balance						
Purchased fuel as energy source, TJ	EN3a-b	1,951	1,769*	2,028	2,345	2,261
Non-renewable		1,951	1,769*	2,028		
Renewable		0	0	0		
Purchased electricity, TJ	EN3c	10,152	10,077	9,620	10,657	10,346
Non-renewable		3,878	3,850	3,472		
Renewable		1,940	1,981	1,383		
Nuclear		4,336	4,246	4,764		
Purchased heat, TJ	EN3c	2,682	4,553	4,367	4,873*	4,726
Non-renewable		534	3,774	3,572		
Renewable		2,147	780	795		
Total energy purchased, TJ	EN3c	14,785	16,400*	16,015	17,874*	17,333
Total energy sold, TJ	EN3d	1,427	1,544	1,619*	1,859	1,601
Output heat delivered off-site		1,317	1,384	1,519*	1,787	1,555
Electricity delivered off-site		110	160	100	72	46
Total energy consumption, TJ	EN3e	13,358	14,856*	14,339	15,957	15,732
Energy intensity, TJ/1,000 t [2]	EN5	3.0	3.1	3.1	3.2	
Reduction of energy consumption, TJ [3]	EN6	-1,498	503	-1,618	224	

*) Data corrected due to more comprehensive information available in 2014
1) The amount of energy Kemira uses through the purchase of electricity, steam and heat. Energy delivered off-site is included.
2) Kemira has calculated the energy intensity by dividing total energy consumption with the annual production volume.
The total energy consumption includes fuel used for energy, electricity, heating, cooling and steam.
3) The types of energy included in the reductions include: fuel used for energy, electricity, heating, cooling and steam. The basis for the energy reduction is energy consumption in one year period.
The calculations have been made according to GRI G4 reporting guidelines. The source for conversion factors used is the International Energy Agency (IEA). Where specific information has not been published on production efficiencies by energy source, expert estimates have been made based on historical data.

Reduction in purchased heat in 2014 is mainly due to closures and divestments of sites.
One site using a lot of non-renewable heat was divested.
The increase in renewable heat is mainly due to the energy mix of acquired sites.

MATERIAL ASPECT: WATER

G4-EN8: TOTAL WATER WITHDRAWAL BY SOURCE

	2014	2013	2012	2011	2010
Total water withdrawal used as a process water, million m^3	**7.5**	**6.3**	**6.7**	**7.8**	
Surface water	3.7	1.5	1.8		
Ground water	1.1	0.4	0.8		
Rainwater	0.0	0.1	0.0		
Waste water from another organization	0.0	0.1	0.0		
Municipal water supplies	2.2	2.2	3.5		
Other (treated wastewater from other facilities)	0.5	2.0	0.6		
Total water withdrawal used as a cooling water, million m^3	**96.7**	**151**	**138**	**161**	**163**
Surface water	93.3	146	131		
Ground water	0.3	2.0	3.0		
Rainwater	0.0	0.0	0.0		
Waste water from another organization	0.0	0.0	0.0		
Municipal water supplies	0.2	1.0	0.0		
Other (e.g. condensate of steam from another company)	2.9	3.0	4.0		
Total water withdrawal, million m^3	**104**	**157**	**144**	**169**	

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

Reduction in water used as cooling water in 2014 is mainly due to the closure of one site using high amounts of cooling water.

G4-EN10: PERCENTAGE AND TOTAL VOLUME OF WATER RECYCLED AND REUSED

	2014	2013	2012	2011	2010
Total volume of water recycled and reused by the organization, million m^3	25.9	74.6*	59.6*		
Water recycled back in the same process (1	23	74.5*	59.5*		
Water recycled in a different process, but within the same facility	2.9	0.1*	0.1*		
Water reused in another facility	0.0	0.0*	0.1*		
Total volume of water recycled and reused as a percentage of the total water withdrawal used as reported under Indicator G4-EN8	25%	47%*	41%*		

*) Data restated for water recycled back in the same process due to more comprehensive information available in 2014.
1) Includes both process water and cooling water recycled back in the same process.
The calculations have been made according to GRI G4 reporting guidelines. The figures presented are based on data collected from Kemira's sites.

Changes in 2014 are mainly due to closures and divestments of sites. All recycled and reused water was used within Kemira's manufacturing locations. See also graph Kemira water balance in the section Water efficiency.

MATERIAL ASPECT: EMISSIONS

SCOPE 1, SCOPE 2, SCOPE 3, TOTAL EMISSIONS, EMISSION INTENSITY AND ANNUAL CHANGE IN EMISSIONS

G4-EN15 DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1),
G4-EN16 ENERGY INDIRECT GHG EMISSIONS (SCOPE 2),
G4-EN17: OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 3)
G4-EN18: GREENHOUSE GAS (GHG) EMISSIONS INTENSITY
G4-EN19: REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS

SUMMARY OF GREENHOUSE GAS EMISSION INDICATORS: SCOPE 1, SCOPE 2, SCOPE 3, TOTAL EMISSIONS, EMISSION INTENSITY AND ANNUAL CHANGE IN EMISSIONS

Releases into air, CO2eq 1,000 tonnes	GRI-G4 indicator	2014**	2013**	2012	2011	2010
Direct greenhouse gas emissions (Scope 1) [1]	EN-15	144	137*	147	180	182
Indirect greenhouse gas emissions (Scope 2) [2]	EN-16	771	904	950	1,054	
Other indirect greenhouse gas emissions (Scope 3) [3]	EN-17	5,040	5,130*	5,130*		
Total greenhouse gas emissions [4]		5,955	6,171*	6,227*		
Greenhouse gas emissions intensity per 1000 tons of production [5]	EN-18	1.3	1.3*	1.3*		
Change in greenhouse gas emissions	EN-19	-217	-56*			

* Data corrected due to more comprehensive information available in 2014

** In 2013 and 2014, all greenhouse gases are included in the calculations. In previous years, only CO_2 emissions were reported

1) Greenhouse gas emissions from sources that are owned or controlled by Kemira (Scope 1 of the WRI/WBCSD GHG Protocol)
The source for the emissions factors used is GHG Protocol. Data covers all of Kemira's production sites according to Kemira consolidation rules.

2) Greenhouse gas emissions from the generation of purchased electricity, steam and heat that is consumed by Kemira (Scope 2 of the WRI/WBCSD GHG Protocol)
GHG emissions are calculated as CO_2 equivalents which includes CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3. The sources for the emission factors used are the International Energy Agency (IEA), the UK government's Department for Environment, Food and Rural Affairs (DEFRA), Motiva Ltd. and energy utility companies. As many utility companies often publish their specific emissions factors during Q2 or Q3 of each reporting year, previous years' factors have been used. Data covers all of Kemira's production sites according to Kemira consolidation rules.

3) Greenhouse gas emissions from Kemira's value chain (Scope 3 of WRI/ WBCSD GHG Protocol). The calculation is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and a supporting guidance document Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain. Scope 3 emissions have been calculated since 2012. GHG emission are calculated as CO_2 equivalents which incluldes CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3. The sources for the emission factors used include the guidance document for the Chemical Sector, the UK government's Department for Environment, Food and Rural Affairs (DEFRA), the International Energy Agency (IEA), Ecoinvent, CEFIC and ECTA. Data covers all of Kemira's production sites according to Kemira consolidation rules.

4) Total greenhouse emissions including Scope 1, Scope 2 and Scope 3

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

Changes in Scope 1 and Scope 2 emissions are mainly due to divestments and acquisitions of manufacturing sites.

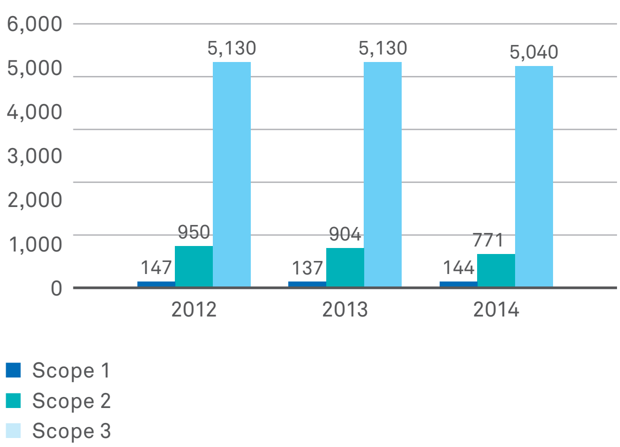
Scope 3 emission restatement is due to Category 12: End-of-life treatment of sold products, which was extended to cover all products sold. If a product is not known to have a new lifecycle, it is always classified as waste.

G4-EN17: GREENHOUSE GAS EMISSIONS FROM KEMIRA'S VALUE CHAIN

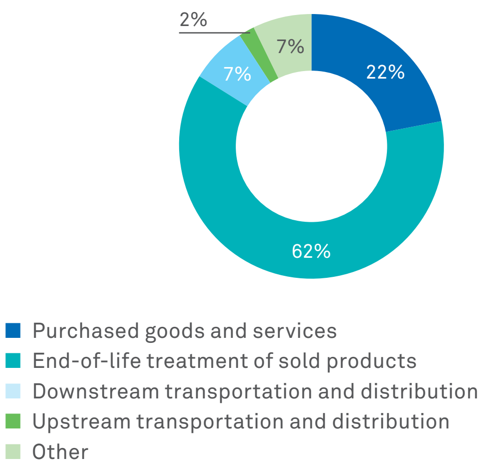
CO2eq, 1000 tonnes	2014	2013	2012
Category 1: Purchased goods and services	1,100	1,130*	1,120*
Category 2: Capital goods	**	**	**
Category 3: Fuel and energy related activities	240	220	220
Category 4: Upstream transportation and distribution	120	130	150
Category 5: Waste generated in operations	70	50	50*
Category 6: Business travel	10	10	10
Category 7: Employee commuting	10	10	10
Category 8: Upstream leased assets (leased offices)	10	10	20
Category 9: Downstream transportation and distribution	360	370*	370
Category 11: Use of sold products (1	0	0*	0*
Category 12: End-of-life treatment of sold products (2	3,110	3,190*	3,180*
Total	**5,040**	**5,130**	**5,130**

* Data corrected due to more comprehensive information available in 2014.
** Emissions of Category 2: Capital goods are included in Category 1: Purchased goods and services.
1) Category 11 emissions were estimated to be zero or close to zero, as Kemira does not sell combustible fuels, products that form greenhouse gas emissions during use, or products that contain greenhouse gases.
2) Category 12 was extended to cover all products sold. If a product is not known to have a new lifecycle, it is always classified as waste.
The margin of error for Scope 3 calculations is +/- 16%

GREENHOUSE GAS EMISSIONS, CO_2 EQ, 1000 TONNES



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



Greenhouse gas emissions from Kemira's value chain (Scope 3) have been calculated since 2012.

G4-EN20: EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS)

Releases into air, tonnes	2014	2013	2012
Ozone-depleting substances	0	0[1]	-

1) The data collection on ozone-depleting sunstances (ODS) from Kemira's sites was made for the first time for the year 2013.

G4-EN21: NO_X, SO_X, AND OTHER SIGNIFICANT AIR EMISSIONS

Releases into air, tonnes [1]	2014	2013	2012	2011	2010
Nitrogen oxides (NO_2) [2]	206	185	190	242	273
Sulphur dioxide (SO_2) [3]	86	122	116	153	168
Volatile organic compounds (VOC) [4]	661	682	742	665*	96
Volatile inorganic compounds (VIC) [5]	59	65	94	100	79
Particulates	16	16	21	23	19

1) The figures presented are based on data collected directly from Kemira's sites.
2) Nitric oxide and nitrogen dioxide calculated as NO_2.
3) All sulphur compounds are calculated as SO_2.
4) VOC is a sum of volatile organic compounds as defined in EU Directive 1999/13/EC.
5) Sum of ammonia, hydrogen chloride and six other simple inorganic compounds.

* 2011 Increase due to sites included in Kemira's ownership in 2011. VOC was evaluated and corrected for 2011 in 2012.

MATERIAL ASPECT: EFFLUENTS AND WASTE

G4-EN22: TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION (1

Water discharged, million m^3	2014	2013	2012	2011	2010
Wastewater volume	2.2	2.1	2.4	2.5	1.2
External treatment	1.6	1.7	1.8	2.0	
Own treatment	0.5	0.4	0.6	0.5	

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

Releases into water, tonnes	2014	2013	2012	2011	2010
Chemical Oxygen Demand (COD)	15	16	21	28	58
Nitrogen (N)	2	2	2	3	4
Phosphorus (P)	0.5	0.5	0.7	0.7	0.5
Suspended solids	2.3	1.8	7	33	26

The calculations have been made according to GRI G4 reporting guidelines. The figures presented are based on data collected from Kemira's sites. Data covers all of Kemira's production sites according to Kemira consolidation rules.

G4-EN23: TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

Waste, tonnes	2014	2013	2012	2011	2010
Hazardous wastes, total	**41,686**	**41,296***	**48,436**	**55,305**	**14,659**
Off-site landfill [1]	1,247	1,359	1,024	10,037	9,079
Off-site incineration	1,719	3,858	1,933	2,343	2,357
Off-site recycling	6,578	3,032	2,652	2,145	
Other off-site treatment	31,670	33,081*	42,826	40,681	3,164
On-site incineration	473	29	1	99	
On-site landfill	0	0	0	0	59
Non-hazardous wastes, total	**22,189**	**26,300***	**31,755***	**33,394**	**35,500**
Off-site landfill	10,451	13,432	11,107	12,238	
Off-site incineration	810	5,674	1,482	1,451	
Off-site recycling	7,418	4,556*	14,286	14,866	
Other off-site treatment	3,068	2,538*	2,422*	2,617	
On-site incineration	405	30	21	25	
On-site landfill	37	70	2,437	2,197	
Total waste disposal	**63,875**	**67,596***	**80,191***	**88,699**	**50,159**

1) The increases in 2010 and 2011 are mainly due to contaminated land remediation projects at sites.
* Data corrected due to more comprehensive information available in 2014.

The weight data of disposed waste is based on internal company records.
The decrease in the amount of non-hazardous waste is mainly due to divestments and closures of sites.
Decrease in off-site incineration of non-hazardous waste is due to more off-site recycling.

G4-EN24: TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

There were four significant spills during 2014 with a total volume of 59 tonnes. These spills were not reported in Kemira's Financial Statements. The four spills had no permanent or significant impact on the environment beyond the remediated soil.

G4-EN25: WEIGHT OF TRANSPORTED, IMPORTED, EXPORTED, OR TREATED WASTE DEEMED HAZARDOUS UNDER THE TERMS OF THE BASEL CONVENTION (2) ANNEX I, II, III, AND VIII, AND PERCENTAGE OF TRANSPORTED WASTE SHIPPED INTERNATIONALLY

The total amount of hazardous waste treated outside the country (shipped internationally) of the operating site was 0.6 tons in 2014, i.e. 0,001% (0,005%) of the total amount of hazardous waste (41,686 tonnes).

MATERIAL ASPECT: PRODUCTS AND SERVICES

G4-EN27: EXTENT OF IMPACT MITIGATION OF ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES

The extent of the environmental impacts of our products is mitigated by developing products that reduce environmental impacts in the use phase, deploying product stewardship programs throughout the product lifecycle, and by ensuring the safe transportation, handling, storage and disposal of our products in the value chain.

Kemira's business purpose is to enable customers to improve their water, energy and raw material efficiency.

The use of our products and solutions benefits our customers by:

- Improving the properties and quality of the customer's end-product
- Improving the operational efficiency of customer processes and equipment
- Enabling the treatment, cleaning and conditioning of water: treating intake water for potable or process water use, re-use of water, sludge dewatering and capturing other soluble solid contaminants

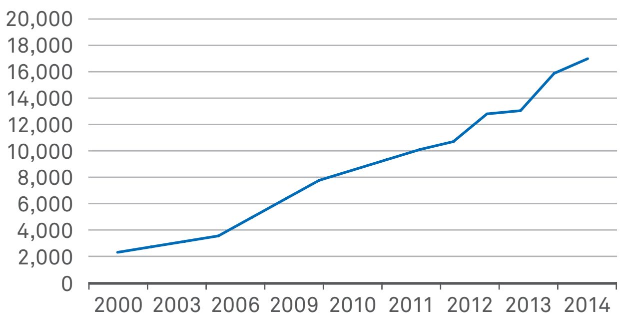
We sell products that are mostly used in manufacturing processes as processing aids. Only in few cases, namely in paper and packaging board and in wastewater sludge, our products end-up as part of the end-product.

Kemira products lower the environmental impacts of our customers' manufacturing processes by improving the utilization rate of natural resources, reducing energy usage or by purifying water.

We apply sustainability checks at every stage of the New Product Development (NPD) process. The NPD process also aims to identify less hazardous and more sustainable alternatives for raw materials.

For more details on product stewardship see management approach for Sustainable products and solutions and performance indicators PR1-PR4, PR6 and PR9. For transportation safety see indicator EN30.

WATER PURIFIED WITH KEMIRA PRODUCTS, million m^3



The volume of water purified with Kemira products is based on the share of product sales to water purification applications and using an experience based average chemicals dosage.

G4-EN28: PERCENTAGE OF PRODUCTS SOLD AND THEIR PACKAGING MATERIALS THAT ARE RECLAIMED BY CATEGORY

Kemira does not reclaim any sold products, whereas we reclaim packaging material when possible.

Kemira's liquid products are mainly transported in bulk units i.e. ISO-tank containers, tank trucks, and tank railroad wagons, which are owned by logistics service providers or leased by Kemira. When small volume packaging is used we work to optimize packaging where it saves packaging and transportations cost and also reclaim packaging materials when possible.

When plastic or other reusable material is used in packaging, Kemira strives to reclaim the material. We are also using a third party service provider to return packaging from the customers' sites for reuse. Packaging that is returned to Kemira or to a third party is either reused or processed for recycling. The reclaimed packaging materials are Reconditioned Intermediate Bulk Container (IBC's) and Recycled liquid packages.

G4-EN28: RECLAIMED PACKAGING MATERIALS

	2014	2013	2012
Reconditioned IBC's *	12%	20%	22%
Recycled liquid packages	3%	5%	4%

* IBC=Intermediate Bulk Container

Due to Kemira's divestments, the usage of Reconditioned IBC's is lower in 2014 than in 2013. The usage of Reconditioned IBC's was high in the sold and closed plants.

MATERIAL ASPECT: ENVIRONMENTAL COMPLIANCE

G4-EN29:MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

The monetary value of fines for non-compliance with environmental laws or regulations totalled EUR 96,000. One single event took place in 2013 but the fine was paid in 2014. There were no non-monetary sanctions in 2014.

MATERIAL ASPECT: TRANSPORT

G4-EN30: SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE

Our management approach to reducing the environmental impacts of product transportation is based on improving transportation safety management and reducing the greenhouse gas emissions from transportation activities.

Kemira is fully committed to transportation safety and the development of transportation safety culture to prevent chemical leakages into environment. Our EHS Transportation Standard was approved by the Kemira Management Board in 2014. The standard applies globally to all Kemira operations that are involved in the transportation of bulk and packaged goods. All facilities need to comply with the requirements of this standard as a minimum and any local/regional regulations or other legal requirements as applicable. Regular training of employees involved in the handling and carriage of dangerous goods is very important, as risk prevention and control can only be optimized if employees have received proper training.

Our logistics service providers are expected to commit to the Kemira Code of Conduct for Suppliers, Distributors and Agents. We also hold regular safety discussions with them and carefully inspect accidents and near misses. Our regional EHSQ is responsibe for the training and monitoring of the implementation of the transportation standard, while our logistics services and plant operations are responsible for the safety program implementation and performance monitoring. Every transportation incident is analyzed for root causes and actions are taken to prevent re-occurrence.

The disciplined management of logistics activities is important in reducing environmental impacts through greenhouse gas emissions. Emissions from the downstream and upstream transportation of materials and goods are 10% of our total Scope 3 emissions, while emissions from business travel and employee commuting are non-significant (<1%).

G4-EN30: SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE

Scope 3 emissions related to transporting, CO2 eq (1, 1000 tonnes	2014	2013	2012
Total Scope 3 emissions	5,040	5,130	5,130
Total Scope 3 transport emissions	500	520	540
Upstream transportation and distribution	120	130	150
Downstream transportation and distribution	360	370*	370
Business travel	10	10	10
Employee commuting	10	10	10
Share of transport emissions, %	10%	10%	11%

* Data corrected due to more comprehensive data available in 2014.

1) Scope 3 emissions have been calculated according to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and a supporting guidance document Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain. Sources for emissions factors used include: Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain, the UK government's Department for Environment, Food and Rural Affairs (DEFRA), CEFIC and ECTA.

Our key measures to mitigate greenhouse gas emissions in the value chain are logistics and load optimization and commitment to logistics service providers that use vehicles compliant with emission standards. European emission standards define the acceptable limits for exhaust emissions of new vehicles sold in the European Union. Kemira encourages its logistics service providers to use at minimum Euro IV compliant vehicles, and starting from January 1, 2015, Euro V compliant vehicles. Euro IV and V compliant vehicles are new vehicles with more efficient engines using less diesel with lower emissions than non-classiefied vehicles.

Load optimization and full truck loads are preferred to optimize transportation cost and lower emissions. Furthermore, our tendering process guides the logistics service providers to look for back haul arrangements.

Kemira travel policy sets guidelines for reducing the environmental impact from business travel. Internal traveling between Kemira locations is reduced through the use of online meeting and collaboration tools.

MATERIAL ASPECT: ENVIRONMENTAL EXPENDITURES AND INVESTMENTS

G4-EN31: TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE

Kemira reports environmental protection costs by environmental capital expenditure and by environmental operating costs. In 2014, our main investments were made in air and water treatment units.

G4-EN31: TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE

EUR million	2014	2013	2012	2011	2010
Environmental capital expenditure	2.4	1.4	3.4	3.6	2.9
Environmental operating costs	11.7	11.8	14.2	12.7	12.8
Total	14.1	13.2	17.6	16.3	15.7
Environmental protection expenditures and investments, % of net sales	0.7%	0.6%	0.8%	0.7%	0.7%

MATERIAL ASPECT: SUPPLIER ASSESSMENT

G4-EN32: PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA FOR IMPACTS ON SOCIETY

In selecting our suppliers, distributors and agents, we expect them and their business partners to be committed to ethical and sustainable business conduct, as well as active support for its implementation within their sphere of influence. At the screening phase of new suppliers, the vendor is asked if they accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) according to our New vendor creation process.

Kemira's CoC-SDA sets requirements for responsible business conduct, respect for human rights and appropriate working conditions, and environmental responsibility.

Kemira Group Sourcing & Procurement policy (2014) requires that all Kemira suppliers must follow our CoC-SDA in their supply activities relating to Kemira. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value exceeding EUR 200,000 for indirect and EUR 500,000 for direct materials.

If a supplier refuses to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such supplier.

By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. Approximately 100% of new suppliers within the threshold limits defined in the policy were screened using social and environmental criteria.

See complementary information in the section Responsible supply chain.

MATERIAL ASPECT: GRIEVANCE MECHANISMS

G4-EN34: NUMBER OF GRIEVANCES ABOUT ENVIRONMENTAL IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

There were in total three public complaints (e.g. relating to dust, through-passage of trucks) about environmental impacts filed through formal grivance mechanisms, all of which were addressed and resolved during the reporting period.

3.3 SOCIAL PERFORMANCE INDICATORS

3.3.1 LABOR PRACTICES AND DECENT WORK

GENERIC DISCLOSURES: EMPLOYMENT STRUCTURE

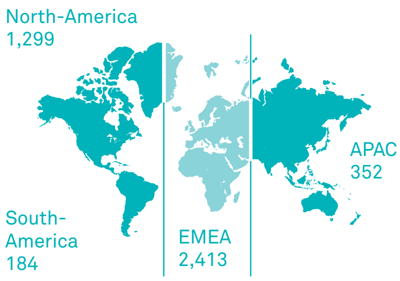
G4-10: STRUCTURE OF EMPLOYMENT

At the end of 2014, Kemira employed 4,248 people (4,453). This figure includes employees who entered the Group through acquisitions and excludes employees of divested assets.

The employee distribution by region shows that 57% (58%) of Kemira's total workforce are employed in EMEA, and 31% (29%) in North America. The number of employees has decreased by 205 (182 of these in EMEA). Most of these reductions are due to divestments.

Workers who are legally recognized as self-employed, or individuals other than Kemira employees do not constitute any substantial part of our workforce.

TOTAL NUMBER OF EMPLOYEES BY REGION 2014



EMPLOYEES BY GENDER

MALES 74 %

FEMALES 26 %

EMPLOYEES BY AGE GROUP 2014

<30	12 %
30–50	57 %
>50	31 %

G4-10: TOTAL NUMBER OF EMPLOYEES 2010–2014

	2014	2013	2012	2011	2010
Total number of employees*	4,248	4,453	4,857	5,006	4,935
Females, %	26%	26%	25%	24%	32%
Males, %	74%	74%	75%	76%	68%
White collar, %	58%	58%			
Blue collar, %	42%	42%			

* at year end
The GRI report headcount includes Kemira employees, whereas the headcount reported in the Financial Statements also includes six employees of divested business for whom Kemira offers payroll service.

G4-10A: TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

	2014	2013	%, 2014	%, 2013
Total number of employees	4,248	4,453		
Total permanent	4,133	4,350	97.3%	97.7%
Total fixed-term	115	103	2.7%	2.3%
Females total	1,110	1,164		
Permanent	1,064	1,127	95.9%	96.8%
Fixed term	46	37	4.1%	3.2%
Males total	3,138	3,289		
Permanent	3,069	3,223	97.8%	98.0%
Fixed term	69	66	2.2%	2.0%

G4-10B: TOTAL NUMBER OF PERMANENT EMPLOYEES BY EMPLOYMENT TYPE AND GENDER

	2014	2013	%, 2014	%, 2013
Total permanent employees	4,133	4,350		
Total full-time	4,099	4,314	99.2%	99.2%
Total part-time	34	36	0.8%	0.8%
Females total permanent	1,064	1,127		
Full-time	1,037	1,102	97.5%	97.8%
Part-time	27	25	2.5%	2.2%
Males total permanent	3,069	3,223		
Full-time	3,062	3,212	99.8%	99.7%
Part-time	7	11	0.2%	0.3%

G4-10D: TOTAL NUMBER OF EMPLOYEES BY REGION AND GENDER

	2014	2013	%, 2014	%, 2013
Total number of employees	4,248	4,453		
APAC	352	340	8.3%	7.6%
EMEA	2,413	2,595	56.8%	58.3%
North-America	1,299	1,281	30.6%	28.8%
South-America	184	237	4.3%	5.3%
Females total	1,110	1,164		
APAC	99	93	8.9%	8.0%
EMEA	687	739	61.9%	63.5%
North-America	275	271	24.8%	23.3%
South-America	49	61	4.4%	5.2%
Males total	3,138	3,289		
APAC	253	247	8.1%	7.5%
EMEA	1,726	1,856	55.0%	56.4%
North-America	1,024	1,010	32.6%	30.7%
South-America	135	176	4.3%	5.4%

G4-11: EMPLOYEES COVERED BY BARGAINING AGREEMENTS

The percentage of employees covered by collective bargaining agreements by 'significant locations of operation' varies widely between regions, being lowest in North America (USA 4%, Canada12%), which is characteristic to the region. In many European countries all employees are covered by collective bargaining agreements, especially in Northern Europe (Finland, Sweden) and Southern Europe (Spain, France, Italy). In Central and Eastern Europe the percentage varies (UK 37%, the Netherlands 67%, Germany 47%, Austria 100%, Slovenia 77%, Czech Republic 50%), and for example in Poland there are no collective bargaining agreements. In Brazil all employees are covered by a collective agreement, and in Uruguay, blue-collar employees and administrative clerks are covered, representing 47% of employees. For APAC the data is not applicable as collective bargaining agreements are not a prevailing practice in the chemical industry.

The definition used for 'significant locations of operation' refers to countries where we have over 20 employees, and which counted together total approximately 98% of all employees. In Kemira's case there are 20 countries with over 20 employees.

MATERIAL ASPECT: EMPLOYMENT

G4-LA1: TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION

Total number of new hires in 2014 was 710 (431), out of which 33% (33%) were female and 67% (67%) male. The new hires include summer trainee positions. Kemira's new hiring reflects the same degree of diversity as in previous years.

Kemira is reporting the employee turnover rate by total and voluntary turnover. The total turnover rate was 17.3% in 2014 compared to 16.1% in 2013. The total turnover includes divestments. The turnover rate was impacted by organizational changes driven by strategy implementation and related restructuring activities and redundancies in 2013. The turnover rate in EMEA was 19.2% (17.1%). The highest turnover rate was in South America (41.8% vs 32.9% in 2013) and lowest in North America (11.6% vs 10.1% in 2013). The voluntary turnover rate was 5.1% (4.6%) in 2014 being highest below the age of 30 years (8.2 vs 5.4% in 2013)%) and females (7.1% vs 5.5% in 2013).

G4-LA1A: NEW EMPLOYEE HIRES W/O AQUISITIONS BY AGE GROUP, GENDER AND REGION

	Number of new hires		% of total new hires	
	2014	2013	**2014**	2013
Total new hires	710	431	100.0%	100.0%
New hires by age group				
<30	291	201	41.0%	46.6%
30–50	348	196	49.0%	45.5%
>50	71	34	10.0%	7.9%
New hires by gender				
Females	236	141	33.2%	32.7%
Males	474	290	66.8%	67.3%
New hires by region				
APAC	60	42	8.5%	9.7%
EMEA	418	239	58.9%	55.5%
North-America	199	104	28.0%	24.1%
South-America	33	46	4.6%	10.7%

G4-LA1B: TOTAL TURNOVER BY AGE GROUP, GENDER AND REGION

	Turnover		Turnover, %	
	2014	2013	**2014**	2013
Total turnover	736	715	17.3%	16.1%
Turnover by age group				
<30	96	77	18.6%	11.9%
30–50	428	357	17.6%	14.6%
>50	212	281	16.3%	20.8%
Turnover by gender				
Females	242	198	21.8%	17.0%
Males	494	517	15.7%	15.7%
Turnover by region				
APAC	44	62	12.5%	18.2%
EMEA	464	445	19.2%	17.1%
North-America	151	130	11.6%	10.1%
South-America	77	78	41.8%	32.9%

G4-LA1C: VOLUNTARY TURNOVER BY AGE GROUP, GENDER AND REGION

	Voluntary turnover		Voluntary turnover, %	
	2014	2013	**2014**	2013
Total voluntary turnover	218	205	5.1%	4.6%
Voluntary turnover by age group				
<30	42	35	8.2%	5.4%
30–50	144	147	5.9%	6.0%
>50	32	23	2.5%	1.7%
Voluntary turnover by gender				
Females	79	64	7.1%	5.5%
Males	139	141	4.4%	4.3%
Voluntary turnover by region				
APAC	34	34	9.7%	10.0%
EMEA	101	96	4.2%	3.7%
North-America	68	57	5.2%	4.4%
South-America	15	18	8.2%	7.6%

G4-LA2: BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES, BY SIGNIFICANT LOCATIONS OF OPERATION

Benefit programs in Kemira differ depending on regional and country specific practices. In most European countries the same benefits are offered to full-time and part-time employees. Some exceptions apply, for example the sickness fund in Finland is available to full-time employees with more than a one year contract. In APAC, temporary employees are eligible only to mandatory benefits as is the market practise. In North America the eligibility for benefits varies, in USA employees are eligible if they work at minimum 20 hrs per week and in Canada 24 hrs. The benefits are the same for all eligible employees. Benefit practices are country specific and are not related to individual locations of operations.

The definition used for 'significant locations of operation' refers to countries where we have over 20 employees, and which counted together total approximately 98% of all employees. In Kemira's case there are 20 countries with over 20 employees.

MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS

G4-LA4: MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES, INCLUDING WHETHER THESE ARE SPECIFIED IN COLLECTIVE AGREEMENTS

Kemira follows all local laws and regulations and other agreements regarding notice periods. Notice periods and the time period for the consultation process relating to operational changes varies by country and region.

G4-LA6: TYPE OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER

Kemira reports workplace safety both for own employees and contractors working at Kemira sites.

Since 2013, Kemira is reporting only TRI (Total Recordable Injuries per million working hours). The TRI frequency includes fatalities, lost time injuries, restricted work cases and medical treatment cases of both Kemira employees and contractors working for Kemira. Kemira does not collect Incident data by gender. All injuries are treated in a similar way independent of gender. No fatalities have been associated with Kemira employees since 2005. Information regarding absenteeism is collected locally and not consolidated on Group level. We have started the process in order to enable data collection in 2015.

G4-LA6: OCCUPATIONAL HEALTH AND SAFETY INDICATORS

	2014	2013	2012	2011	2010	2009
Number of Lost Time Injuries per million working hours, LTA1(1	-	-	2.3	2.7	3.1	3.5
Total Recordable Injuries per million working hours, TRI(2	5.8	7.1	8.5			
APAC	0	0				
EMEA	6.1	9.2				
NA	6.4	5.1				
SA	5.9	7.4				

1) Injuries causing an employee absence at least one day (LTA1),Kemira personnel. This figure was reported for the last time in 2012.
2) As of 2013, Kemira reports only TRI.
TRI per million work hours = Lost Time Injuries (LTA1) + Restricted work cases + Medical treatment cases, 1 year rolling average. Injury numbers include Kemira personnel and Contractors. The Contractor work hours have been included in 2014.

MATERIAL ASPECT: TRAINING AND EDUCATION

G4-LA9: AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER, AND BY EMPLOYEE CATEGORY

Kemira completed the implementation of a global Learning Management System including a training register in the second half of 2014. Implementation has been carried out in phases, and the training register does not yet cover 100% of the organization.

In 2014, 14,700 training hours were registered in the Learning Management system, which now covers eLearnings, global training programs, and part of the local trainings. Countries currently registered in the system are e.g. Finland 5,800 hrs, UK 3,200 hrs, Spain 2,700 hrs, Sweden 1,000 hrs. The average hours of training do not differ by gender.

G4-LA10: PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS

A variety of skills development and training programs as well as leadership development programs (internal and external) is provided to all employees in order to support employee development. Leadership development is planned and organized globally by the Human Resources function, while segments and functions are responsible for the professional skills development.
Our development portfolio consists of:

- An induction program to new hires in order to understand the business, organization, company culture, policies (including the Kemira Code of Conduct), procedures and processes
- On-the-job training to enhance technical/ professional competencies
- External and internal coaching and mentoring
- Training aiming at validated certificates and diplomas in manufacturing
- External trainings for professional skills and leadership development. Employees can also be reimbursed for further education costs partly or fully, and study leaves are available in many countries.
- Outplacement services and support is available in most regions in case of redundancy. In some European countries, outplacement and other support activities are part of the local social welfare plan. In some cases transition assistance programs are also offered in connection with retirement.
- In 2014, Kemira's training focus has been on professional training:
- A European wide sales skills training continued in 2014 with approximately 135 participants. The goal of the modular program is to promote a proactive sales culture to support Kemira's strategic goals. The program aims at e.g. increasing the participants' pro-activeness regarding sales activities as well as value selling and presentation technique skills.
- Kemira has offered an extensive EHS(Q) related skills development program in 2014. Training has been offered face-to-face and through webinars and eLearning modules. Education on EHS standards published in 2014 was conducted in all regions, in several functions and on several organizational levels. For example, the crisis management procedure training covered over 150 people.
- In 2014, approximately 95% of employees had completed Kemira's Code of Conduct training.

G4-LA11: PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BY GENDER AND BY EMPLOYEE CATEGORY

All permanent employees, who are not absent for an extended time period because of leaves, for example, are covered by our global performance and development discussion (PDD) process. In 2014, the global PDD process covered both white collar and blue collar employees.

Temporary employees' inclusion in the PDD process is evaluated case-by-case, depending on the length of the contract.

G4-LA11: PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER REVIEWS BY GENDER AND BY EMPLOYEE CATEGORY

	Employees, #		PDD Coverage, %	
Performance and Development Discussion (PDD)	**2014**	2013	**2014**	2013
Total permanent employees not absent *	4019	4,281		
PDD's by gender				
Employees covered in Global PDD process	3803	2,382	95%	56%
Females covered in Global PDD process	977	816	95%	77%
Males covered in Global PDD process	2826	1,566	94%	49%
PDD's by employee category				
White collars covered in Global PDD process	2317		98%	
Blue collars covered in Global PDD process	1486		89%	

* All permanent employees, who are not absent for an extended time period because of leaves, for example, are covered by global performance and development discussion process.

G4-LA12 COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY

The number of females in the Management Board and Board of Directors has remained the same in 2014 as in 2013. The percentage share of females in the total number of employees has remained the same in 2014 as in 2013.

G4-LA12A: COMPOSITION OF GOVERNANCE BODIES BY GENDER AND AGE GROUP

	Total		%	
Management Board	**2014**	2013	**2014**	2013
Total	9	11		
Females	2	2	22%	18%
Males	7	9	78%	82%
By age group				
<30	0	0	0%	0%
30–50	6	5	67%	45%
>50	3	6	33%	55%
Board of Directors				
Total	6	5		
Females	2	2	33%	40%
Males	4	3	67%	60%
By age group				
<30	0	0	0%	0%
30–50	0	0	0%	0%
>50	6	5	100%	100%

G4-LA12B: BREAKDOWN OF EMPLOYEES BY GENDER AND AGE GROUP

	Total		%	
	2014	2013	**2014**	2013
Total employees	4,248	4,453	100%	100%
<30	515	646	12%	15%
30–50	2,435	2,453	57%	55%
>50	1,298	1,354	31%	30%
Females in total	1,110	1,164	26%	26%
<30	172	205	15%	18%
30–50	705	710	64%	61%
>50	233	249	21%	21%
Males in total	3,138	3,289	74%	74%
<30	343	441	11%	13%
30–50	1,730	1,743	55%	53%
>50	1,065	1,105	34%	34%

MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

G4-LA13: RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN BY EMPLOYEE CATEGORY, BY SIGNIFICANT LOCATIONS OF OPERATION

Kemira operates a global job structure that is applied to all white collar employees. The job structure describes job families and the respective job roles with required qualifications and main responsibilities. The job structure links to job grades, which define the salary range and the incentive opportunity for a specific job role. Factors impacting salary increases include country-specific salary budgets, the position of an employee in the salary range and employee performance. Incentive payouts are based on measured achievement for pre-defined targets on the company, unit and individual levels.

The job grade and salary data information allows Kemira to evaluate, analyse and implement equal remuneration.

Average ratio of basic salary of women to men by country [1]	
Finland	93%
USA	94%
Sweden	103%
Poland	93%
Canada	94%
UK	96%
China	93%

1) White collar employees, calculated as average of all job grades' average ratio.

The definition used for 'significant locations of operation' refers to countries where we have over 20 employees, and which counted together total approximately 98% of all employees. In Kemira's case there are 20 countries with over 20 employees. The table above covers the data from the largest countries of operation.

MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

G4-LA14: PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING LABOR PRACTICES CRITERIA

In selecting our suppliers, distributors and agents, we expect them and their business partners to be committed to ethical and sustainable business conduct, as well as active support for its implementation within their sphere of influence. At the screening phase of new suppliers, the vendor is asked if they accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) according to our New vendor creation process.

Kemira's CoC-SDA sets requirements for responsible business conduct, respect for human rights and appropriate working conditions, and environmental responsibility.

Kemira Group Sourcing & Procurement policy (2014) requires that all Kemira suppliers must follow our CoC-SDA in their supply activities relating to Kemira. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value exceeding EUR 200,000 for indirect and EUR 500,000 for direct materials. If a supplier refuses to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such supplier.

By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. Approximately 100% of new suppliers within the threshold limits defined in the policy were screened using social and environmental criteria. See complementary information in the section Responsible supply chain.

MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS

G4-LA16: NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

There were no grievances about labour practices filed through formal grievance mechanisms during the reporting period, nor filed prior to the reporting period and resolved during the reporting period.

3.3.2 HUMAN RIGHTS

MATERIAL ASPECT: NON-DISCRIMINATION

G4-HR3: TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

There were no confirmed incidents of discrimination in 2014.

MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

G4-HR4: OPERATIONS AND SUPPLIERS IDENTIFIED IN WHICH THE RIGHT TO EXERCISE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE VIOLATED OR AT SIGNIFICANT RISK, AND MEASURES TAKEN TO SUPPORT THESE RIGHTS

Kemira respects the right of all employees to establish or join trade unions and other representative organizations. We are committed to respecting the International Labour Organization's Declaration on Fundamental Principles and Rights at Work as stated in the Kemira Code of Conduct. Kemira is also a signatory of the UN Global Compact since March 2014. We expect our suppliers to respect these principles and commit to the Kemira Code of Conduct for Suppliers, Agents and Distributors when conducting business with us.

Kemira employees' awareness on the their rights for freedom of association and collective bargaining is enhanced by training on the Code of Conduct, which is provided to all Kemira employees.

In 2014, Kemira did not identify any violations of freedom of association or collective bargaining in our own operations. We also evaluated supplier related risks on labor rights, and no evidence was found on suppliers restricting their employees' opportunities to exercise freedom of association and collective bargaining. As no risks for violations were identified, no support measures were taken.

For additional information, see focus area Responsible business practices for the Code of Conduct training and for Kemira Ethics and Compliance Hotline as an internal reporting channel for any violations on employee rights, and G4-11 for Employees covered by collective bargaining agreements.

IN 2014, KEMIRA CONDUCTED A HUMAN RIGHTS IMPACT ASSESSMENT TO IDENTIFY KEY AREAS OF HUMAN RIGHTS RISKS IN OUR VALUE CHAIN AND GAPS IN OUR CURRENT MANAGEMENT APPROACH FOR HUMAN RIGHTS.

MATERIAL ASPECT: ASSESSMENT

G4-HR9: TOTAL NUMBER AND PERCENTAGE OF OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS

Kemira is committed to respecting and supporting fundamental human rights as defined by the United Nations Universal Declaration of Human Rights and stated in the Kemira Code of Conduct. Kemira became a signatory of the United Nations Global Compact in March 2014. Our employees' awareness on human rights is enhanced by providing all Kemira employees with training on the Code of Conduct. Kemira expects its suppliers to respect these principles and to commit to the Kemira Code of Conduct for Suppliers, Agents and Distributors when conducting business with Kemira.

In 2014, Kemira conducted a Group level Human Rights Impact Assessment to identify key areas of human rights risks in our value chain and gaps in our current management approach for human rights. Our current management approach was assessed against the Operational Principles of the UN Guiding Principles of Business and Human Rights.

No evidence of infringing human rights was found. High risk areas in our value chain arise from our business relationships, product stewardship, and emerging market expansion. Kemira's greatest human rights risk lies in our upstream and downstream business relationships, especially where our power of influence is limited. Our human rights risk exposure is increased because we operate with hazardous substances, which impact rights to health and workplace safety. Kemira's expansion into emerging markets may increase exposure to human rights risk. Based on the key findings, an action plan is outlined to better integrate human rights into our current management approach.

MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT

G4-HR10: PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING HUMAN RIGHTS CRITERIA

In selecting our suppliers, distributors and agents, we expect them and their business partners to be committed to ethical and sustainable business conduct, as well as active support for its implementation within their sphere of influence. At the screening phase of new suppliers, the vendor is asked if they accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) according to our New vendor creation process.

Kemira's CoC-SDA sets requirements for responsible business conduct, respect for human rights and appropriate working conditions, and environmental responsibility.

Kemira Group Sourcing & Procurement policy (2014) requires that all Kemira suppliers must follow our Code of CoC-SDA in their supply activities relating to Kemira. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value exceeding EUR 200,000 for indirect and EUR 500,000 for direct materials. If a supplier refuses to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such supplier.

By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. Approximately 100% of new suppliers within the threshold limits defined in the policy were screened using social and environmental criteria. See complementary information in the section Responsible supply chain.

MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS

G4-HR12: NUMBER OF GRIEVANCES ABOUT HUMAN RIGHTS IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

No grievances regarding human rights impacts were filed or addressed in 2014.

3.3.3 SOCIETY

MATERIAL ASPECT: LOCAL COMMUNITIES

G4-SO1: PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

Kemira encourages initiatives at local level to support positive interaction with the communities where we operate. Our community involvement target is to engage all Kemira sites with over 50 employees (26 sites in 2014) in local community initiatives at least once in the period 2013- 2015 (cumulative %). By the end of 2014, 92% of Kemira's sites had organized local events and activities, with some sites hosting multiple activities over the year.

Globally, Kemira concentrates its sponsorships and donations to education related programs in chemistry and technology, mainly addressed to children and youth. Locally, Kemira participates in the local communities in many ways that relate to safety in the vicinity of our manufacturing sites, people safety and wellbeing, and education related to water and chemistry.

See complementary information in the section Responsibility towards the local communities.

G4-SO2: OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

Most of Kemira's manufacturing sites are located outside residential areas in industrial parks that are designed for the purpose of industrial development.

A potential negative impact on the safety and environment of local communities could take place in case of accidental incidents involving a leakage of chemicals.

Kemira's EHSQ management approach includes assessments and emission monitoring at every manufacturing site as defined by the regulatory requirements, ISO 14001 and OHSAS 18001 management systems and Kemira internal EHS standards. Each Kemira site has programs and contingency plans in place to ensure the safety of surrounding communities. This is done in close cooperation with local environmental authorities. To enhance the safe use of chemicals, Kemira works in close cooperation with many local chemical agencies.

Each Kemira site is classified for actual and potential negative impacts of operations (at the end of 2014, Kemira had 59 sites).

A three-level ranking system defines our internal environmental requirements and audit frequency for each site: higher ranking meaning higher requirements.

Environmental classification results 2014:

- High-ranking sites: 28% (29%)
- Medium-ranking sites: 28% (27%)
- Low-ranking sites: 44% (44%)

We proactively take preventive actions and mitigation measures for the operations that involve potential negative impacts on the local communities. In addition to continuous safety and risk management work, Kemira focuses on a continuous dialogue with local communities to understand and implement activities that respond to their needs, concerns and expectations, and to provide opportunities for our own employees to participate in local community initiatives.

For complementary information, see Safety at manufacturing sites.

MATERIAL ASPECT: ANTI-CORRUPTION

G4-SO3: TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASESSED FOR RISKS RELATED TO CORRUPTION AND THE SIGNIFICANT RISKS IDENTIFIED

In 2014, corruption risks at Kemira were evaluated through an internal audit survey and internal audits. The internal audit survey was conducted globally and the results of the survey were taken into account in preparing the annual audit plan. Based on the revenue generated in locations subject to audit, about 42% of the operations were assessed for risks related to corruption.

The number of assessed operations is not relevant as Kemira evaluates corruption based on processes and they may cover transactions in several locations. No material risks related to corruption were identified through the risk assessment.

G4-SO4: COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

Kemira's principles for anti-corruption are included in the Kemira Code of Conduct and in the Kemira Group Gifts, Entertainment and Anti-Bribery Policy. Both documents are available to all employees on Kemira intranet, and the Code of Conduct is also publicly available at www.kemira.com

We expect our suppliers and other business partners to conduct their business with integrity and commit to Kemira Code of Conduct for Suppliers, Agents and Distributors (CoC-SDA) in their business activities with Kemira. The CoC-SDA states that Kemira expects its business partners to adhere to local legislation and avoid corruption in all its forms.

Employee awareness of our anti-corruption policy is enhanced by Code of Conduct training. Training has been provided to all employees in all regions either by an interactive eLearning tool or as on-site classroom training organized in collaboration with site management and local HR and legal functions. Our target in 2013 was to train all Kemira employees on the Code. The completion rate was 90% in 2013, excluding employees who were in the scope of divested businesses. The training continued in 2014 with a completion rate of 95%.

The Board of Directors has approved the Code. No specific training has been provided to the Board.

A specific anti-corruption online training course was prepared in 2014 and is ready for roll-out in the beginning of 2015.

G4-SO5: CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

There were no confirmed incidents of corruption or public legal cases regarding corruption in 2014.

MATERIAL ASPECT: PUBLIC POLICY

G4-SO6: TOTAL VALUE OF POLITICAL CONTRIBUTIONS BY COUNTRY AND RECIPIENT/ BENEFICIARY

The Kemira Code of Conduct and the Kemira Group Gifts, Entertainment and Anti-Bribery Policy prohibit any financial support to politicians, political parties or political organizations. No financial or in-kind political contributions paid by Kemira have come to Kemira's attention during 2014.

MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR

G4-SO7: TOTAL NUMBER OF LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES AND THEIR OUTCOMES

In 2014, Kemira had no pending or completed legal actions initiated under national or international laws designed for regulating anti-competitive behavior, antitrust, or monopoly practices. Kemira was a defendant in three legal proceedings in which damages were sought for violations of competition law. One of these cases was resolved in 2014. These proceedings are described in the Note 30 to the Consolidated Financial Statements: Commitments and contingent liabilities, under heading Litigation.

MATERIAL ASPECT: COMPLIANCE

G4-SO8: MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS

No significant fines or non-monetary sanctions for non-compliance with laws and regulations came to Kemira's attention in 2014. This is based on the information available through our Group legal department, Group Finance and Administration and the Environmental, Health, Safety and Quality organization.

MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY

G4-SO9: PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING CRITERIA FOR IMPACTS ON SOCIETY

In selecting our suppliers, distributors and agents, we expect them and their business partners to be committed to ethical and sustainable business conduct, as well as active support for its implementation within their sphere of influence. At the screening phase of new suppliers, the vendor is asked if they accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) according to our New vendor creation process.

Kemira's CoC-SDA sets requirements for responsible business conduct, respect for human rights and appropriate working conditions, and environmental responsibility.

Kemira Group Sourcing & Procurement policy (2014) requires that all Kemira suppliers must follow our CoC-SDA in their supply activities relating to Kemira. Adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value exceeding EUR 200,000 for indirect and EUR 500,000 for direct materials. If a supplier refuses to give such a confirmation and if Kemira cannot otherwise confirm that the supplier adheres to acceptable ethical principles, an evaluation is performed by our Sourcing personnel to potentially cease all purchases from such supplier.

By the end of 2014, 93% of Kemira's repeat suppliers had signed the CoC-SDA. Approximately 100% of new suppliers within the threshold limits defined in the policy were screened using social and environmental criteria. See complementary information in the section Responsible supply chain.

BY THE END OF 2014, 93% OF KEMIRA'S CURRENT SUPPLIERS HAD SIGNED THE CODE OF CONDUCT FOR SUPPLIERS, DISTRIBUTORS AND AGENTS.

MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY

G4-SO11: NUMBER OF GRIEVANCES ABOUT IMPACTS ON SOCIETY FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

There were no grievances about impacts on society filed through formal grievance mechanisms in 2014, nor grievances filed prior and resolved in 2014.

3.3.4 PRODUCT RESPONSIBILITY

MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY

G4-PR1: PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES FOR WHICH HEALTH AND SAFETY IMPACTS ARE ASSESSED FOR IMPROVEMENT

Kemira has signed the ICCA (The International Council of Chemical Associations) Responsible Care Initiative, which forms the basis for our product stewardship activities. All products are evaluated for product safety and regulatory compliance aspects prior to market launch. Our New Product Development (NPD) process has regular sustainability, product safety and regulatory compliance reviews included at every stage of the process.

Our management approach to improve the safety and quality of our operations is based on the systematic implementation of certified Environmental, Health, Safety and Quality management systems. The certification status for manufacturing sites in 2014 was 83% for ISO 9001, 76% for ISO 14001 and 75% for OHSAS 18001.

Proactive measures are in place for the reduction of potential health hazards and relating to anticipated future legislation. For example, Kemira has defined action plans for substances that are suspected to have endocrine disrupting properties in order to look for safer alternatives and/or to define risk management measures to ensure the safe use of chemicals.

G4-PR2: TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES DURING THEIR LIFE CYCLE, BY TYPE OF OUTCOMES

In 2014, Kemira did not record any cases of non-compliance with regulations and voluntary codes resulting in a fine, penalty or warning. In 2013, Kemira reported six incidents of non-compliance with voluntary codes out of which four non-compliances have been resolved and completed and two cases are in progress in agreement with the relevant authorities.

MATERIAL ASPECT: PRODUCT AND SERVICE LABELING

G4-PR3: TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED BY THE ORGANIZATION'S PROCEDURES FOR PRODUCT AND SERVICE INFORMATION AND LABELING, AND PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES SUBJECT TO SUCH INFORMATION REQUIREMENTS

Kemira's product portfolio contains approximately 2,700 different products. All of them are documented and labeled according to legal requirements, including the identification of hazardous components and safe use information. Kemira provides Safety Data Sheets for all products, although in most jurisdictions Safety Data Sheets are mandatory only for hazardous products. In addition to Label and Safety Data Sheet information, more detailed information about the products and their raw materials is provided upon request.

In 2014, the Kemira Product Stewardship & Regulatory Affairs team responded to approximately 450 customer requests on product safety and/or regulatory compliance every month on a global scale.

KEMIRA'S PRODUCT PORTFOLIO CONTAINS APPROXIMATELY 2,700 DIFFERENT PRODUCTS.

G4-PR3: PRODUCT AND SERVICE INFORMATION PROVIDED

Topic	Product and service information provided
The sourcing of components of the product or service	Only if requested by customers
Content, particularly with regard to substances that might produce an environmental or social impact	As required by law, always in Safety Data Sheets (SDS) and on the Labels. Additional information about chemicals in our products for voluntary certification/compliance schemes such as ecolabeling is also provided to customers upon request and when applicable.
Safe use of the product or service	Safe use of a product or service is communicated in the SDS's and on the Labels. Additional information about the use, dosage and application is provided to customers when applicable.
Disposal of the product and environmental/social impacts	When legally required, disposal of a product and environmental/social impacts are communicated in the SDS's and on the Labels.

G4-PR4: TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELING, BY TYPE OF OUTCOMES

Customer complaints, claims or non-conformities are actively monitored, evaluated and corrected as required by the quality management systems in use at Kemira.

In 2014, there were 115 (116 cases in 2013) incidents of customer complaints related to labeling. Main causes for these were mostly found in warehousing (37 cases) and distribution (27 cases). The most typical incident was that a wrong label had been used in packaging. The handling of 6 cases was not completed by year end.

In 2014, there were 10 incidents related to non-compliance with regulations. Main causes for these were mostly found in logistic carriers (4 cases). All cases had a different cause. The handling of all cases was completed by year-end.

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

MATERIAL ASPECT: MARKETING COMMUNICATIONS

G4-PR6: SALE OF BANNED OR DISPUTED PRODUCTS

Kemira follows all relevant chemical laws and regulations, and thus does not sell any banned products. Kemira is proactive in mitigating health, safety, environment or image related risks, for example concerning products subject to stakeholder questions or public debate. An action plan has been created and is being implemented on products containing suspected Endocrine Disruptors. Additionally, the following disputed products are being studied; products containing genetically modified materials, nanomaterials, disputed renewable materials or conflict minerals.

MATERIAL ASPECT: PRODUCT COMPLIANCE

G4-PR9: MONETARY VALUE OF SIGNIFICANT FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES

In 2014, Kemira did not record any regulatory non-compliances that would have resulted in fines.

4. REPORTING PRINCIPLES

The Kemira GRI report 2014 is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Guidelines. The Business Report includes some of the General Standard Disclosures according to the GRI G4 Guidelines. The Business Report reflects the principles set out in the International Integrated Reporting <IR> Framework. The contents of these reports have been reviewed and approved by the Kemira Board of Directors in February 2015. Contents related to our economic, environmental and social performance have been independently assured by Deloitte against the GRI principles for defining report content and quality. The GRI report is intended to be read in context with other sections of the Kemira Annual Report 2014.

4.1 REPORTING FRAMEWORK

GRI SUSTAINABILITY REPORTING FRAMEWORK

The Global Reporting Initiative (GRI) is an international non-profit organization, and a Collaborating Centre of the United Nations Environment Programme. GRI's Sustainability Reporting Framework enables companies and organizations to measure, understand and communicate information regarding the economic, environmental and social impacts caused by their business activities. A sustainability report also presents the organization's governance model, and demonstrates the link between its strategy and commitment to a sustainable global economy. www.globalreporting.org

COMMUNICATION ON PROGRESS (COP) FOR THE UN GLOBAL COMPACT

Kemira became a signatory of the United Nations Global Compact in March 2014. The UN Global Compact is the world's largest voluntary corporate citizenship initiative to respect and promote human rights, implement decent work practices, reduce environmental impacts and work against corruption. This corporate responsibility report 2014 conveys our Communication on Progress (COP) for the UN Global Compact's Ten Principles. GRI G4 indicators are used to report the actions taken to implement the Global Compact Principles as well as the outcomes of such actions. See the GRI Content Index. www.unglobalcompact.org

4.2 REPORTING SCOPE

G4-13: SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

At the end of 2014, Kemira had 59 (59) manufacturing sites. The environmental reporting scope included 63 (64) sites according to Kemira consolidation rules. In 2014, Kemira closed 4 manufacturing sites (Vaasa , Sausheim, Europoort, old Tarragona) and ramped up 3 new sites (Dormagen and Nanjing, new Tarragona).

There were no significat changes in share capital structure and other capital formation, maintenance, and alteration operations. For further information, please see the Consolidated Financial Statements: Note 33.

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

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

The reporting boundaries of this GRI report follow in main part the reporting boundaries of Kemira's Consolidated Financial Statements. More detailed description of the reporting boundaries and the completeness of the information is provided in table Reporting scope (G4-19, G4-20, G4-21). The entities included in Kemira's Consolidated Financial Statements are listed in the Notes to the Consolidated Financial Statements 34; Group companies.

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

The definition of Material Aspects for Kemira's reporting was carried out in accordance with the GRI G4 Principles for defining report content.

1. IDENTIFICATION

The identification of the Aspects relevant to Kemira was based on the topics and concerns raised in stakeholder surveys conducted in 2011 and in 2013. Stakeholders who participated in the surveys represented employees, shareholders and investors, customers, suppliers, non-governmental organizations and governmental authorities. Both internal and external stakeholders highlighted the importance of product safety and innovation, business ethics and compliance, responsibility in the supply chain, environmental topics such as greenhouse gas emissions and water efficiency, and employee development.

2. PRIORITIZATION
The identified Aspects were prioritized against three criteria, whether the Aspects were reflecting:

- The top ten most important topics and concerns raised by Kemira's stakeholders
- The main sustainability topics for the global chemical sector (GRI 2013, Sustainability Topics for Sectors: What do stakeholders want to know?)
- Kemira's strategy from the perspective of either value creation or risk to Kemira

As a result of the prioritization, 36 Aspects out of the 46 Aspects in the GRI subject list met most of the three criteria and were selected as Material Aspects for reporting.

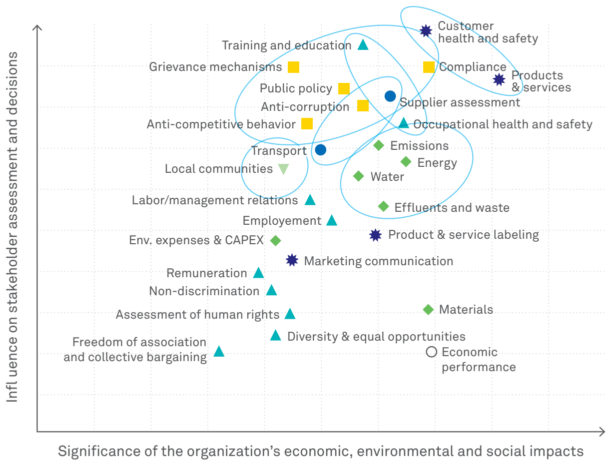
3. VALIDATION
Aspect boundaries for the identified Material Aspects were defined to reflect whether the impacts occur within or outside of the Kemira entities according to Kemira consolidation rules. Data collection practices for the identified Material Aspects were reviewed and defined. The list of identified Material Aspects, a detailed description of the respective Aspect Boundaries and data collection practices are presented in table G4-19–21.

The identified Material Aspects provide a balanced representation of Kemira's corporate responsibility focus areas, which are Responsible business practices, Responsible supply chain, Responsible manufacturing, Responsibility for employees, Sustainable products and solutions and Responsibility towards the local communities where we operate.

4. REVIEW
Our corporate responsibility performance and targets have been discussed and approved by the Management Board in the end of 2012 and updated in January 2014 and December 2014. The Material Aspects identified in 2013 were deemed still valid in 2014.

CORPORATE RESPONSIBILITY FOCUS AREAS AND MATERIAL ASPECTS

The results of the materiality assessment are mapped in the MATRIX where the y-axis maps the relative importance of the Material Aspects to our stakeholders and the x-axis shows the relative significance of Kemira's economic, environmental and social impacts. Similar types of Material Aspects with high importance are grouped together to indicate the focus areas of Kemira's corporate responsibility.



Responsibility focus areas

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

G4-19–21 IDENTIFIED MATERIAL ASPECTS AND ASPECT BOUNDARIES

Identified Material Aspects G4-19:	G4-20: Aspect boundaries within Kemira	G4-21: Aspect boundaries outside Kemira	Data collection practices
CATEGORY: ECONOMIC			
• Economic performance	Kemira operations*		Data is extracted from the Kemira ERP system and collected from Kemira consolidated companies. Consolidation on the Group level.

Identified Material Aspects G4-19:	G4-20: Aspect boundaries within Kemira	G4-21: Aspect boundaries outside Kemira	Data collection practices
CATEGORY: ENVIRONMENT			
• Materials • Products and services • Transport	Kemira operations covered by ERP**		Data is extracted from the Kemira ERP system and from R&D New Product Development process documentation.
• Energy (scope1 and 2) • Water • Emissions (scope 1 and 2) • Effluents and waste • Compliance • Environmental expenses and investments	Kemira manufacturing sites***		Data is collected from each production site and consolidated on the Group level.
• Emissions (scope 3)		Kemira value chain from suppliers to customers	Data is collected from the Kemira ERP system and relevant organizational units. Default data and assumptions as in the WBCSD Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain.
• Supplier environmental assessment		Suppliers	Harmony Contract Management Tool to track suppliers' signature for the Code of Conduct for SDA. Ecovadis database for supplier sustainability assessment.
• Environmental grievance mechanism	Kemira operations*	External stakeholders	Kemira Compliance and Ethics Hotline. External notifications from sustainability@kemira.com. Internal Audit reports.
CATEGORY: SOCIAL			
Labor practices and decent work			
• Employment • Labor/management relations • Occupational health and safety**** • Training and education • Diversity and equal opportunity • Equal remuneration for women and men	Kemira operations*		HR data management system. Kemira is to some extent using supervised workers and supervised employees of contractors, but the information is managed locally at respective sites and is not collected and consolidated globally.
• Supplier assessment for labor practices		Suppliers	Harmony Contract Management Tool to track suppliers' signature for the Code of Conduct for SDA.
• Labor practices grievance mechanism	Kemira operations*	External stakeholders	Kemira Compliance and Ethics Hotline. External notifications from sustainability@kemira.com. Internal Audit reports.
Human rights			
• Non-discrimination • Freedom of association and collective bargaining • Human rights assessment	Kemira operations*		Notifications through Compliance & Ethics Hotline and sustainability@kemira.com
• Supplier human rights assessment		Suppliers	Harmony Contract Management Tool to track suppliers' signature for the Code of Conduct for SDA.
• Human rights grievance mechanism	Kemira operations*	External stakeholders	Kemira Compliance and Ethics Hotline. External notifications from sustainability@kemira.com. Internal Audit reports.
Society			
• Local communities • Anti-corruption • Public policy • Anti-competitive behavior • Compliance	Kemira operations*		Data is collected from each region and from the Kemira legal archive files, and through notifications from Kemira Compliance and Ethics Hotline.
• Supplier assessment for impacts on society		Suppliers	Harmony Contract Management Tool to track suppliers' signature for the Code of Conduct for SDA.
• Grievance mechanism for impacts on society	Kemira operations*	External stakeholders	Kemira Compliance and Ethics Hotline. External notifications from sustainability@kemira.com. Internal Audit reports.
Product responsibility			
• Customer health and safety • Product and service labeling • Marketing communication • Compliance	Kemira operations covered by ERP**		Data is extracted from the Kemira ERP system, from R&D New Product Development process documentation and Kemira legal archives.

SAD = Suppliers, Distributors and Agents

* Kemira operations = All Kemira operations according to Kemira consolidation rules

** Kemira operations covered by ERP = All Kemira operations according to Kemira consolidation rules that are covered by the Kemira Enterprise Resource Planning (ERP)

*** Kemira manufacturing sites = All Kemira manufacturing sites according to Kemira consolidation rules

**** Occupational health & safety: TRI number includes contractors working at Kemira sites

G4-22: EFFECT OF ANY RESTATEMENTS OF INFORMATION PROVIDED IN PREVIOUS REPORTS AND THE REASONS FOR SUCH RESTATEMENTS

There is a major restatement for Scope 3 and for water recycled back in the same process.

G4-23: SIGNIFICANT CHANGES FROM PREVIOUS REPORTING PERIODS IN THE SCOPE AND ASPECT BOUNDARIES

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

4.3 REPORT PROFILE

G4-28: REPORTING PERIOD

The reporting period is from January 1 to December 31, 2014.

G4-29: DATE OF THE MOST RECENT PREVIOUS REPORT

Kemira's previous corporate responsibility report 2013 was published on February 26, 2014.

Kemira has been reporting its environmental performance since the early 1990s. Prior to the reporting year 2010, we used the Responsible Care Reporting Guidelines of the European Chemical Industry Council (CEFIC) as a reporting framework. The first sustainability report prepared according to the GRI guidelines was published for the reporting year 2011. The reports for years 2003–2013 are available on Kemira's website www.kemira.com.

G4-30: REPORTING CYCLE

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

G4-31: CONTACT POINT FOR QUESTIONS REGARDING THE REPORT

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

5. GOVERNANCE

Complementary information on Kemira's corporate governance is available in the Corporate Governance Statement of the Annual Report 2014.

GOVERNANCE STRUCTURE AND COMPOSITION

G4-34: GOVERNANCE STRUCTURE OF THE ORGANIZATION, INCLUDING COMMITTEES OF THE HIGHEST GOVERNANCE BODY

Kemira's governance structure is described in the Corporate Governance Statement of the Annual Report 2014.

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

The CEO is ultimately accountable for sustainability and overall performance with regard to the corporate responsibility targets and reports directly to the Board of Directors. Responsibilities for the individual targets are shared between the members of the Management Board, as outlined below. Segments and functions are responsible for implementation and driving performance.

Areas of accountability	Title
Ethics and compliance	Group General Counsel
Responsible sourcing, Climate Change (Scope 2), Economic impact (Tax policy, Dividend policy)	Chief Financial Officer
EHSQ, Energy efficiency, Climate Change (Scope 1)	EVP, Projects & Manufacturing Technology
Employee related targets	EVP, Human Resources
Innovation	CTO, R&D and Technology
Product stewardship	President, Segment M&I & Region EMEA
Local community engament target Corporate responsibility function	SVP, Communications & Corp. Responsibility (reporting directly to CEO, not a member of the Management Board)

G4-37: PROCESSES FOR CONSULTATION BETWEEN STAKEHOLDERS AND THE HIGHEST GOVERNANCE BODY ON ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

As a listed company, Kemira can disclose information to the market in alignment with Kemira Oyj's corporate governance, which is based on the rules of the Articles of Association, the Finnish Limited Liability Companies Act (in Finnish: osakeyhtiölaki) and the rules and regulations applicable to companies listed on the NASDAQ OMX Nordic. Furthermore, Kemira complies with the Finnish Corporate Governance Code 2010, which is publicly available at www.cgfinland.fi. All information that is likely to materially influence the valuation of a listed company must be published in such a manner that the information reaches all market participants simultaneously.

Kemira's general meeting of shareholders is held at least once a year. Shareholders have the right to demand a matter that falls within the competence of the general meeting by virtue of the Limited Liability Companies Act to be included in the agenda. The shareholders also have the right to ask questions from the members of the Board of Directors, the CEO and the auditor during the general meeting.

Institutional and private shareholders engage directly with the CEO, CFO and Kemira's Investor Relations. The Head of Investor Relations reports to the Chief Financial Officer. In 2014, Kemira's Investor Relations hosted approximately 30 roadshow days and 250 individual meetings with portfolio managers and other representatives in several countries.

The employee survey results are reported to the Personnel and Remuneration Committee and to the Board of Directors. Other topics relating to stakeholder relations are reported to the Board of Directors only when material issues are revealed.

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

The composition of Kemira's highest governance body and its committees is described in the Corporate Governance Statement of the Annual Report 2014 in the Board of Directors section. Diversity matters regarding the Board of Directors are reported in indicator G4-LA12.

G4-39: STATUS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The tasks and duties of the Chairman are laid out in the Kemira Oyj's Charter of the Board of Directors. The Chairman of the Board of Directors is a non-executive officer.

G4-40: NOMINATION AND SELECTION PROCESSES FOR THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES, AND THE CRITERIA USED FOR NOMINATING AND SELECTING HIGHEST GOVERNANCE BODY MEMBERS

The 2012 Annual General Meeting (AGM) decided to establish a Nomination Board, consisting of shareholders or representatives of shareholders, to prepare an annual proposal for the next AGM regarding the composition and remuneration of the Board of Directors.

The Nomination Board consists of representatives of Kemira Oyj's four largest shareholders, based on the situation on August 31 preceding the AGM. The Chairman of Kemira Oyj's Board of Directors acts as an expert member. The authority, composition and responsibilities of the Nomination Board are laid out in the Kemira Nomination Board Charter.

Kemira complies with The Finnish Corporate Governance Code www.cgfinland.fi and follows its recommendations for criteria used in selecting the members of the Board, including independence, competence and diversity.

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

The main tasks and duties of the Board of Directors and Board Committees are defined in the Kemira Oyj's Charter of the Board of Directors.

The Finnish Corporate Governance Code defines the evaluation of the independence of the Board of Directors and obliges the directors to provide the Board with sufficient information that allows the Board to evaluate their qualifications and independence, and notify the Board of any changes in such information.

The Finnish Corporate Governance Code and Kemira Oyj's Charter of the Board of Directors define that the members of the Audit Committee and the Personnel and Remuneration Committee must be non-executive directors who are independent of the company.

All Board members are independent of the company except Dr. Wolfgang Büchele who is the former CEO of Kemira. The Board members are also independent of the major shareholders of the company, except Chairman Jari Paasikivi. Jari Paasikivi is the CEO of Oras Invest Oy, which owns over 10% of Kemira Oyj's shares.

The related parties, transactions and disclosure of related parties and transactions are defined in the Kemira Group Related Party Policy. Related party information is disclosed in the Consolidated Financial Statements, Note 32, as required by the International Financial Reporting Standards (IFRS).

As stated in the company's Code of Conduct, all Kemira employees, as well as the Board of Directors, must recognize and avoid conflicts of interest and must always disclose any potential or actual conflict of interest in accordance with applicable Kemira policies.

ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY

G4-42: THE HIGHEST GOVERNANCE BODY'S AND SENIOR EXECUTIVES' ROLES IN THE DEVELOPMENT, APPROVAL, AND UPDATING OF THE ORGANIZATION'S PURPOSE, VALUE OR MISSION STATEMENTS, STRATEGIES, POLICIES, AND GOALS RELATED TO ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

The general meeting of shareholders, the Board of Directors and the Managing Director (President & CEO) are responsible for Kemira's management and operations. Their tasks are defined based on the Finnish Limited Liability Companies Act and Kemira Oyj's Articles of Association.

Kemira Oyj's Charter of the Board of Directors lays out that the Board of Directors shall establish the long-term goals of the company and the main strategies for achieving them, approve the Annual Business Plan/Budget and define and approve key corporate policies in key management control areas like risk management, financial control, financing, internal control, information security, corporate communications, human resources, ethical values and environment. The Board of Directors approves the interim reports and financial statements as well as the corporate responsibility report.

The Managing Director (President & CEO) is responsible for managing and developing the company and the Kemira Group in accordance with the instructions and rules issued by the Board of Directors.

The Management Board is responsible for securing the long-term strategic development of the company. The Management Board also approves the company's policies and corporate responsibility targets.

COMPETENCIES AND PERFORMANCE EVALUATION

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

The Board of Directors approves interim reports, including quarterly status updates on corporate responsibility targets, as well as the corporate responsibility report. The Board is also informed about the results of the employee surveys, and regularly reviews Kemira's EHSQ updates.

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

Annual self-assessment of Board work and performance is laid out in the Kemira Oyj's Charter of the Board of Directors. The assessment covers issues and trends affecting the company, including governance of economic topics. The resulting action-plans are presented to the Nomination Board.

ROLE IN RISK MANAGEMENT

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

Risks and opportunities are identified in Kemira's strategy, approved by the Board of Directors. Strategy review is a continuous process at Kemira. Early warning signals are presented to the Board of Directors once a month, covering information on the markets relevant to the company. A risk report based on the findings of the annual Enterprise Risk Management (ERM) process is annually presented to the Board of Directors.

G4-46: THE HIGHEST GOVERNANCE BODY'S ROLE IN REVIEWING THE EFFECTIVENESS OF THE ORGANIZATION'S RISK MANAGEMENT PROCESSES FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

Board of Directors/Audit Committee has the oversight responsibility for risk management and approves the Kemira Group Risk Management Policy and supervises the implementation of risk management.

Kemira's Internal Audit function reviews the results of the risk assessment processes annually for audit planning purposes. The risk management process is evaluated by the Internal Audit every three years.

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

The tasks and duties of the highest governance body are laid out in the Kemira Oyj's Charter of the Board of Directors. In 2014, the Board of Directors met 13 times.

ROLE IN SUSTAINABILITY REPORTING

G4-48: THE HIGHEST COMMITTEE OR POSITION THAT FORMALLY REVIEWS AND APPROVES THE ORGANIZATION'S SUSTAINABILITY REPORT AND ENSURES THAT ALL MATERIAL ASPECTS ARE COVERED

Kemira's corporate responsibility targets are approved by the Management Board and discussed annually with the Board of Directors. Performance against targets is publicly reported in Kemira's interim reports and the corporate responsibility report, which is part of the annual report.

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

ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE

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

Critical concerns are communicated either directly to the Board of Directors or through the Audit Committee, which reviews the effectiveness of internal controls and risk management. The CEO is responsible for risk management reporting to the Board of Directors.

Our employees have an obligation to raise concerns about possible misconduct against our Code of Conduct or policies. The first point of contact is the direct or relevant line manager or the Kemira Ethics & Compliance function. We also have an Ethics and Compliance Hotline operated by an external service provider. It is available 24/7 for all Kemira employees to report suspected misconduct in their mother tongue, either by phone or an online form. Any reporting on non-compliance issues is treated confidentially and anonymously by the Compliance Committee. Kemira's Internal Audit reports all cases to the Audit Committee.

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

Litigations, if material, are reported in the Financial Statements in Note 30: Commitments and contingent liabilities, section "Litigation". Litigation cases above the threshold value EUR 100,000 are periodically reported to the Audit Committee. All violations against the Code of Conduct are reported to the Audit Committee. There were 7 reported cases in 2014. The Audit Committee reports the litigation and violation cases to the Board of Directors in each meeting. Non-compliance issues reported by Kemira employees are treated by the Compliance Committee, which reports to the Audit Committee.

REMUNERATION AND INCENTIVES

G4-51: EXECUTIVE-LEVEL COMPENSATIONS

Kemira's management remuneration is described in the Management Remuneration Statement included in the Corporate Governance Statement, and published pursuant to Recommendation n:o 47 of the Finnish Corporate Governance Code 2010.

BOARD OF DIRECTORS

Kemira's Annual General Meeting decides on the remuneration of the Board of Directors for one term of office at a time. According to the decisions of the Annual General Meeting 2014, the members of the Board of Directors are paid an annual fee, a separate fee per meeting and traveling expenses. In addition, the 2014 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 shares were transferred to the members of the Board of Directors within two weeks after the release of Kemira's interim report January 1 – March 31, 2014. The members of the Board of Directors are not eligible for any cash bonus plans, share-based incentive plans or supplementary pension plans of Kemira Oyj. The remuneration fees are documented in the Management Remuneration Statement dated March 12, 2014.

MANAGING DIRECTOR AND THE MANAGEMENT BOARD

The remuneration of the Managing Director (President & CEO), his Deputy and other members of the Management Board comprises of a monthly salary, benefits and performance-based incentives. The performance-based incentives consist of an annual cash bonus plan and a long-term share-based incentive plan. Neither the Managing Director nor the other members of the Management Board have a separate supplementary pension arrangement. A mutual termination notice period of six months applies to the Managing Director. The Managing Director is entitled to a separate severance pay for 12 months if the company decides to terminate his/her service contract for reasons not depending on the Managing Director. The remuneration fees and main principles of the performance-based incentive plans are described in the Management Remuneration Statement.

Kemira has a share-based incentive plan targeted to the management and other key personnel. The share-based incentive plan aims to align the goals of the shareholders and the strategic management in order to increase the value of the company, to motivate the strategic management and to provide them with competitive equity based incentives.

G4-52: PROCESS FOR DETERMINING REMUNERATION

The Annual General Meeting decides on the remuneration of the Board of Directors based on a proposal presented by the Nomination Board.

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

The targets set out in the annual cash bonus plan and the long-term share-based incentive plan for the management are determined annually by the Board of Directors.

The Board of Directors may use external, independent remuneration consultants when needed. Consultants have been used for example for defining the incentive plans described above.

G4-53: PROCESS FOR SEEKING STAKEHOLDER VIEWS REGARDING REMUNERATION

Shareholders' views regarding remuneration are taken into account in Kemira Oyj's Annual General Meeting (AGM). The AGM decides on matters within its competence under the Limited Liabilities Companies Act and the Articles of Association, including the election of the Chairman, Vice Chairman and other members of the Board of Directors and their remuneration, and the election of the auditor and the auditor's fees.

6 ASSURANCE REPORT

INDEPENDENT LIMITED ASSURANCE REPORT

G4-33: POLICY AND CURRENT PRACTICE WITH REGARD TO SEEKING EXTERNAL ASSURANCE FOR THE REPORT

Information on the organization's policy and current practice with regard to external assurance can be found in the Assurance statement.

TO THE BOARD OF DIRECTORS OF KEMIRA OYJ

We have been engaged by Kemira Oyj (hereafter Kemira) to provide a limited assurance on Kemira's corporate responsibility information for the reporting period of January 1, 2014 to December 31, 2014. The information subject to the assurance engagement is the Kemira GRI Report and pages 2–5, 8–15 of the Kemira Business Report (hereafter: Responsibility Information).

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of the Responsibility Information in accordance with the reporting criteria as set out in Kemira's reporting principles and the Sustainability Reporting Guidelines (G4 Core) of the Global Reporting Initiative. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Responsibility Information that are free from material misstatement, selecting and applying appropriate criteria and making estimates that are reasonable in the circumstances. The scope of the Responsibility Information depends on Kemira's Corporate Responsibility focus areas and as well as the reporting principles which are set out on pages 46–47 of the GRI Report.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Responsibility Information based on our engagement. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 to provide limited assurance on performance data and statements within the Responsibility Information. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the Responsibility Information has not been prepared, in all material respects, in accordance with the Reporting criteria.

We did not perform any assurance procedures on the prospective information, such as targets, expectations and ambitions, disclosed in the Responsibility Information. Consequently, we draw no conclusion on the prospective information. Our assurance report is made in accordance with the terms of our engagement with Kemira. We do not accept or assume responsibility to anyone other than Kemira for our work, for this assurance report, or for the conclusions we have reached.

A limited assurance engagement with respect to responsibility related data involves performing procedures to obtain evidence about the Responsibility Information. The procedures performed depend on the practitioner's judgment, but their nature is different from, and their extent is less than, a reasonable assurance engagement. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls and consequently they do not enable us to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement.

Our procedures on this engagement included:

- Conducting interviews with senior management responsible for corporate responsibility at Kemira to gain an understanding of Kemira's targets for corporate responsibility as part of the business strategy and operations;
- Reviewing internal and external documentation to verify to what extent these documents and data support the information included in the Responsibility Information and evaluating whether the information presented in the Responsibility Information is in line with our overall knowledge of corporate responsibility at Kemira;
- Conducting interviews with employees responsible for the collection and reporting of the Responsibility Information and reviewing of the processes and systems for data gathering, including the aggregation of the data for the Responsibility Information;
- Performing analytical review procedures and testing data on a sample basis to assess the reasonability of the presented responsibility information;
- Performing site visits to selected sites in Finland and in the UK to review compliance to reporting policies, to assess the reliability of the responsibility data reporting process as well as to test the data collected for responsibility reporting purposes on a sample basis;
- Assessing that the Responsibility Information has been prepared in accordance with the Sustainability Reporting Guidelines (G4 Core) of the Global Reporting Initiative.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

OUR INDEPENDENCE AND COMPETENCES IN PROVIDING ASSURANCE TO KEMIRA

We complied with Deloitte's independence policies which preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality and from any involvement in the preparation of the report. We have maintained our independence and objectivity throughout the year and there were no events or prohibited services provided which could impair our independence and objectivity.

This engagement was conducted by a multidisciplinary team including assurance and sustainability expertise with professional qualifications. Our team is experienced in providing sustainability reporting assurance.

CONCLUSION

On the basis of the procedures we have performed, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G4 Core) of the Global Reporting Initiative or that the Responsibility Information is not reliable, in all material respects, with regard to the Reporting criteria.

Helsinki 10.2.2015
Deloitte & Touche Oy

Jukka Vattulainen
Authorized Public
Accountant

Lasse Ingström
Authorized Public
Accountant

7 GRI CONTENT INDEX

BR = Business Report
GRI = GRI report
GS = Corporate Governance Statement
FS = Financial Statements
AsR = Assurance Report

The report is prepared in accordance with the GRI-G4 Core option. Communication on Progress (COP) of the UN Global Compact at Global Compact Active level using the GRI G4 reporting principles.

GENERAL STANDARD DISCLOSURES

	Standard disclosures	Location in the Annual Report (pp)	UN Global Compact Principles	External Assurance
	STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision maker of the organization about relevance of sustainability to the organization and its strategy	BR 2–3, 8	Commitment to GC	AsR, GRI pp. 54–55
G4-2	Key impacts, risks and opportunities	BR 20,26,32 GRI 4–6, 46–48		
	ORGANIZATIONAL PROFILE			
G4-3	Name of the reporting organization	Kemira Oyj		AsR, GRI pp. 54–55
G4-4	Primary brands, products and services	BR 16–33		
G4-5	Location of organization's headquarters	Helsinki, Finland		AsR, GRI pp. 54–55
G4-6	Countries of operation	BR 4–5		AsR, GRI pp. 54–55
G4-7	Nature of ownership and legal form	BR 4–5		AsR, GRI pp. 54–55
G4-8	Markets served with geographic breakdown	BR 4–5		AsR, GRI pp. 54–55
G4-9	Scale of the reporting organization	BR 4–5, FS Balance Sheet		AsR, GRI pp. 54–55
G4-10	Workforce structure by emplyment type, gender and region	GRI 33	Principle 6	AsR, GRI pp. 54–55
G4-11	Employees covered by collective bargaining agreements	GRI 34	Principle 3	AsR, GRI pp. 54–55
G4-12	Description of oranization's supply chain	GRI 14–15		AsR, GRI pp. 54–55
G4-13	Significant changes during the reporting period	GRI 46, FS Note 33		AsR, GRI pp. 54–55
G4-14	Position regarding the precautionary principle and its application	GS: Risk section		
G4-15	Adherance to charters, principles and other external initiatives	GRI 5		AsR, GRI pp. 54–55
G4-16	Memberships of associations and advocacy organizations	GRI 5		AsR, GRI pp. 54–55
	IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included in the organization's consolidated financial statements	GRI 46		AsR, GRI pp. 54–55
G4-18	Process for determining the report content	GRI 46–47		AsR, GRI pp. 54–55
G4-19	Material Aspects identified in the process for defining report content	GRI 47–48		AsR, GRI pp. 54–55
G4-20	Boundaries of material aspects within the organization	GRI 47–48		AsR, GRI pp. 54–55
G4-21	Boundaries of material aspects outside the organization	GRI 47–48		AsR, GRI pp. 54–55
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	GRI 49		AsR, GRI pp. 54–55
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	GRI 49		AsR, GRI pp. 54–55

GENERAL STANDARD DISCLOSURES

	Standard disclosures	Location in the Annual Report (pp)	UN Global Compact Principles	External Assurance
	STAKEHOLDER ENGAGEMENT			
G4-24	Stakeholder groups engaged by the organization.	GRI 3–4		AsR, GRI pp. 54–55
G4-25	Basis for identification and selection of stakeholders	GRI 3–4		AsR, GRI pp. 54–55
G4-26	Organization's approach to stakeholder engagement	GRI 3–4		AsR, GRI pp. 54–55
G4-27	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns	GRI 3–4		AsR, GRI pp. 54–55
	REPORT PROFILE			
G4-28	Reporting period for the information provided	GRI 49		AsR, GRI pp. 54–55
G4-29	Date of the most recent previous report	GRI 49		AsR, GRI pp. 54–55
G4-30	Reporting cycle	GRI 49		AsR, GRI pp. 54–55
G4-31	Contact point for questions regarding the report or its contents	GRI 49		AsR, GRI pp. 54–55
G4-32	GRI content index. Table identifying the location of the Standard Disclosures in the report	GRI 58–63		AsR, GRI pp. 54–55
G4-33	Policy and practice with regard to seeking external assurance for the report	GRI 55		AsR, GRI pp. 54–55
	GOVERNANCE AND ETHICS			
	GOVERNANCE			
	Governance Structure and Composition			
G4-34	Governance structure of the organization	GRI 50		AsR, GRI pp. 54–55
G4-36	Executive-level position with responsibility for economic, environmental and social topics	GRI 50		AsR, GRI pp. 54–55
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	GRI 50		AsR, GRI pp. 54–55
G4-38	Composition of the highest governance body and its committees	GRI 50		AsR, GRI pp. 54–55
G4-39	The role of the Chairman of the Board of Directors	GRI 50		AsR, GRI pp. 54–55
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	GRI 51		AsR, GRI pp. 54–55
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	GRI 51		AsR, GRI pp. 54–55
	Role in Setting Purpose, Values, and Strategy			
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impact	GRI 51		AsR, GRI pp. 54–55
	Competencies and Performance Evaluation			
G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	GRI 51		AsR, GRI pp. 54–55
G4-44	Process for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	GRI 52		AsR, GRI pp. 54–55

GENERAL STANDARD DISCLOSURES

	Standard disclosures	Location in the Annual Report (pp)	UN Global Compact Principles	External Assurance
	Role in Risk Management			
G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	GRI 52		AsR, GRI pp. 54–55
G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	GRI 52		AsR, GRI pp. 54–55
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	GRI 52		AsR, GRI pp. 54–55
	Role in Sustainability Reporting			
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	GRI 52		AsR, GRI pp. 54–55
	Role in Evaluating Economic, Environmental and Social Performance			
G4-49	Process for communicating critical concerns to the highest governance body	GRI 52		AsR, GRI pp. 54–55
G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	GRI 53		AsR, GRI pp. 54–55
	Remuneration and Incentives			
G4-51	The remuneration policies for the highest governance body and senior executives.	GRI 53		AsR, GRI pp. 54–55
G4-52	The process for determining remuneration.	GRI 53		AsR, GRI pp. 54–55
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	GRI 53		AsR, GRI pp. 54–55
	ETHICS AND INTEGRITY			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	GRI 11–12	Principle 10	AsR, GRI pp. 54–55
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	GRI 11–12	Principle 10	AsR, GRI pp. 54–55
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	GRI 11–12	Principle 10	AsR, GRI pp. 54–55

SPECIFIC STANDARD DISCLOSURES

GENERIC DISCLOSURES ON MANAGEMENT APPROACH

For Kemira's Description of Management Approach (DMA), please see:

- Corporate responsibility, GRI pp. 5–9
- Focus areas, GRI pp. 5–20
- Economic impact, GRI pp. 21–22
- Governance, GRI pp. 50–53

SPECIFIC STANDARD DISCLOSURES

	Performance indicators	Location in the Annual Report (pp)	UN Global Compact Principles	External Assurance
	ECONOMIC PERFORMANCE INDICATORS			
	Material Aspect: Economic Performance			
G4-EC1	Direct economic value generated and distributed	GRI 21–22		AsR, GRI pp. 54–55
G4-EC3	Coverage of the organization's defined benefit plan obligations	GRI 22		AsR, GRI pp. 54–55
G4-EC4	Financial assistance received from government	GRI 22		AsR, GRI pp. 54–55
	ENVIRONMENTAL PERFORMANCE INDICATORS			
	Material Aspect: Materials			
G4-EN1	Materials used by weight or volume	GRI 23	Principle 7, 8	AsR, GRI pp. 54–55
G4-EN2	Percentage of materials used that are recycled input materials	GRI 23	Principle 8	AsR, GRI pp. 54–55
	Material Aspect: Energy			
G4-EN3	Energy consumption within the organization	GRI 24	Principle 7, 8	AsR, GRI pp. 54–55
G4-EN5	Energy intensity	GRI 24	Principle 8	AsR, GRI pp. 54–55
G4-EN6	Reduction of energy consumption	GRI 24	Principle 8, 9	AsR, GRI pp. 54–55
	Material Aspect: Water			
G4-EN8	Total water withdrawal by source	GRI 25	Principle 7, 8	AsR, GRI pp. 54–55
G4-EN10	Percentage and total volume of water recycled and reused	GRI 25	Principle 8	AsR, GRI pp. 54–55
	Material Aspect: Emissions			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	GRI 26	Principle 7, 8	AsR, GRI pp. 54–55
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	GRI 26	Principle 7, 8	AsR, GRI pp. 54–55
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	GRI 26–27	Principle 7, 8	AsR, GRI pp. 54–55
G4-EN18	Greenhouse gas (GHG) emissions intensity	GRI 26	Principle 8	AsR, GRI pp. 54–55
G4-EN19	Reduction of greenhouse gas (GHG) emissions	GRI 26	Principle 8, 9	AsR, GRI pp. 54–55
G4-EN20	Emissions of ozone-depleting substances (ODS)	GRI 28	Principle 7, 8	AsR, GRI pp. 54–55
G4-EN21	NOX, SOX, and other significant air emissions	GRI 28	Principle 7, 8	AsR, GRI pp. 54–55
	Material Aspect: Effluents and Waste			
G4-EN22	Total water discharge by quality and destination	GRI 28	Principle 8	AsR, GRI pp. 54–55
G4-EN23	Total weight of waste by type and disposal method	GRI 29	Principle 8	AsR, GRI pp. 54–55
G4-EN24	Total number and volume of significant spills	GRI 29	Principle 8	AsR, GRI pp. 54–55
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention (2) Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	GRI 29	Principle 8	AsR, GRI pp. 54–55
	Material Aspect: Products and Services			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	GRI 29	Principle 7, 8, 9	AsR, GRI pp. 54–55
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	GRI 30	Principle 8	AsR, GRI pp. 54–55
	Material Aspect: Environmental compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	GRI 31	Principle 8	AsR, GRI pp. 54–55

SPECIFIC STANDARD DISCLOSURES

	Performance indicators	Location in the Annual Report (pp)	UN Global Compact Principles	External Assurance
	Material Aspect: Transport			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	GRI 31	Principle 8	AsR, GRI pp. 54–55
	Material Aspect: Overall environmental spend			
G4-EN31	Total environmental protection expenditures and investments by type	GRI 32	Principle 7, 8, 9	AsR, GRI pp. 54–55
	Material Aspect: Supplier Environmental Assessment			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	GRI 32	Principle 8	AsR, GRI pp. 54–55
	Material Aspect: Environmental Grievance Mechanisms			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	GRI 32	Principle 8	AsR, GRI pp. 54–55
	SOCIAL PERFORMANCE INDICATORS			
	LABOR PRACTICES AND DECENT WORK			
	Material Aspect: Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	GRI 34	Principle 6	AsR, GRI pp. 54–55
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	GRI 36		AsR, GRI pp. 54–55
	Material Aspect: Labor/Management Relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	GRI 36	Principle 3	AsR, GRI pp. 54–55
	Material Aspect: Occupational Health and Safety			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	GRI 36		AsR, GRI pp. 54–55
	Material Aspect: Training and Education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	GRI 36	Principle 6	AsR, GRI pp. 54–55
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	GRI 37		AsR, GRI pp. 54–55
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	GRI 37	Principle 6	AsR, GRI pp. 54–55
	Material Aspect: Diversity and Equal Opportunity			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	GRI 38	Principle 6	AsR, GRI pp. 54–55
	Material Aspect: Equal Remuneration for Women and Men			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	GRI 39	Principle 6	AsR, GRI pp. 54–55
	Material Aspect: Supplier Assessment for Labor Practices			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	GRI 39		AsR, GRI pp. 54–55
	Material Aspect: Labor Practices Grievance Mechanisms			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	GRI 39		AsR, GRI pp. 54–55

SPECIFIC STANDARD DISCLOSURES

	Performance indicators	Location in the Annual Report (pp)	UN Global Compact Principles	External Assurance
	HUMAN RIGHTS			
	Material Aspect: Non-discrimination			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	GRI 40	Principle 6	AsR, GRI pp. 54–55
	Material Aspect: Freedom of Association and Collective Bargaining			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	GRI 40	Principle 3	AsR, GRI pp. 54–55
	Material Aspect: Assessment			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	GRI 40	Principle 1	AsR, GRI pp. 54–55
	Material Aspect: Supplier Human Rights Assessment			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	GRI 41	Principle 2	AsR, GRI pp. 54–55
	Material Aspect: Human Rights Grievance Mechanisms			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	GRI 41	Principle 1	AsR, GRI pp. 54–55
	SOCIETY			
	Material Aspect: Local Communities			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	GRI 41	Principle 1	AsR, GRI pp. 54–55
G4-SO2	Operations with significant actual and potential negative impacts on local communities	GRI 41	Principle 1	AsR, GRI pp. 54–55
	Material Aspect: Anti-corruption			
G4-SO3	Total number and percentage of operations asessed for risks related to corruption and the significant risks identified	GRI 42	Principle 10	AsR, GRI pp. 54–55
G4-SO4	Communication and training on anti-corruption policies and procedures	GRI 42	Principle 10	AsR, GRI pp. 54–55
G4-SO5	Confirmed incidents of corruption and actions taken	GRI 42	Principle 10	AsR, GRI pp. 54–55
	Material Aspect: Public Policy			
G4-SO6	Total value of political contributions by country and recipient/ beneficiary	GRI 42	Principle 10	AsR, GRI pp. 54–55
	Material Aspect: Anti-competitive Behavior			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	GRI 42		AsR, GRI pp. 54–55
	Material Aspect: Compliance			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	GRI 42		AsR, GRI pp. 54–55
	Material Aspect: Supplier Assessment for Impacts on Society			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	GRI 43		AsR, GRI pp. 54–55
	Material Aspect: Grievance Mechanisms for Impacts on Society			
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	GRI 43		AsR, GRI pp. 54–55

SPECIFIC STANDARD DISCLOSURES

	Performance indicators	Location in the Annual Report (pp)	UN Global Compact Principles	External Assurance
	PRODUCT RESPONSIBILITY			
	Material Aspect: Customer Health and Safety			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	GRI 44		AsR, GRI pp. 54–55
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	GRI 44		AsR, GRI pp. 54–55
	Material Aspect: Product and Service Labeling			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	GRI 44		AsR, GRI pp. 54–55
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	GRI 45		AsR, GRI pp. 54–55
	Material Aspect: Marketing Communications			
G4-PR6	Sale of banned or disputed products	GRI 45		AsR, GRI pp. 54–55
	Material Aspect: Product compliance			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	GRI 45		AsR, GRI pp. 54–55

Kemira
Where water meets chemistry™

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CORPORATE GOVERNANCE STATEMENT 2014

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 annual report by the Board of Directors.

Kemira's Audit Committee has reviewed the Corporate Governance Statement, and the Company's Auditor, Deloitte & Touche 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, 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, 2014. The meeting was attended by 611 shareholders either in person or by proxy, together representing around 55% 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, 2014, 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, President & CEO, Varma Mutual Pension Insurance Company, Timo Ritakallio, President & CEO, Ilmarinen Mutual Pension Insurance Company, and the Chairman of the Board Jari Paasikivi as an expert member.

The Nomination Board met one time in 2014 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 24, 2014, the Annual General Meeting elected six members (previously five) to the Board of Directors. The AGM re-elected Winnie Fok, Juha Laaksonen, Jari Paasikivi and Kerttu Tuomas to the Board of Directors and further elected Wolfgang Büchele and Timo Lappalainen as new members to the Board of Directors. Jari Paasikivi was elected the Board's Chairman and Kerttu Tuomas was elected the Vice Chairman. Jukka Viinanen was the Chairman of the Board of Directors until the 2014 AGM.

All of the Board members are independent of the Company except for Wolfgang Büchele who 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 Personal data and their holdings in section 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 capital 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 2014, the Board of Directors met 13 times. The attendance rate at the meetings was 97.3%.

REMUNERATION

Remuneration of the Board of Directors is described in section Management Remuneration Statement.

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. 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 three members independent of the Company, out of which at least one member shall also be independent of significant shareholders. elected by the Board of Directors from amongst its members. After the 2014 AGM, the Board elected Juha Laaksonen as the Chairman and Jari Paasikivi and Timo Lappalainen as members of the Committee. Until the 2014 AGM the Chairman of the Committee was Juha Laaksonen and Jari Paasikivi was a member of the Committee.

The Audit Committee met 5 times in 2014 with an attendance rate of 100%.

PERSONNEL AND REMUNERATION COMMITTEE

The Personnel and Remuneration Committee (until March 24, 2014: the Compensation Committee) consists of three members out of which the majority must be 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 Management Board. The Committee also monitors succession planning of the senior management and the senior management's performance evaluation.

After the 2014 AGM, the Board elected Jari Paasikivi the Chairman and Kerttu Tuomas and Juha Laaksonen the members of the Personnel and Remuneration Committee. Until the 2014 AGM, Jukka Viinanen was the Chairman and Kerttu Tuomas and Jari Paasikivi were members of the Compensation Committee.

In 2014, the Personnel and Remuneration Committee met 4 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 Jari Rosendal as of May 1, 2014, and the Deputy Managing Director is Group General Counsel Jukka Hakkila. Until April 30, 2014 the Managing Director was Wolfgang Büchele. 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 in section Personal data and their holdings can be found in section Insiders. The financial benefits related to the Managing Director's employment relationship are described in section Management Remuneration Statement.

MANAGEMENT BOARD

Kemira's Management Board consists of Managing Director Jari Rosendal (President and CEO), Petri Helsky (President, Paper; as of January 1, 2015: President Paper and APAC), Tarjei Johansen (President, Oil & Mining and Americas), Antti Salminen (President Municipal & Industrial and EMEA), Petri Castrén (CFO), Heidi Fagerholm (CTO), Eeva Salonen (EVP, HR) and Michael Löffelmann (EVP, Projects and Manufacturing Technology). In addition, the following persons have acted as members of the Management Board during 2014: Hilton Casas de Almeida (President, South America, until March 31, 2014), Joe Chan (President, APAC until December 31, 2014), Randy Owens (President, Oil & Mining and NAFTA, until January 31, 2014), Hannu Virolainen (President, ChemSolutions and EHSQ, until March 31, 2014) and Frank Wegener (President, Municipal & Industrial and EMEA, until October 31, 2014).

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 of the Management Board members are presented in section Personal data and their holdings can be found in section Insiders. The decision-making process and main principles of remuneration of the members of the Management Board are described in section Management Remuneration Statement.

OPERATIVE ORGANIZATION

Kemira Oyj has organized its business into three customer based segments. The Paper segment focuses on serving customers in the pulp and paper industry, the Oil & Mining segment focuses on serving customers in the oil, gas and mining industries and the Municipal & Industrial segment concentrates on serving customers in municipal and industrial water treatment.

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 within a segment are assumed by Regional Business Units (RBUs) having full Profit & Loss 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 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 three business regions: Europe, Middle East and Africa (EMEA) and Americas and Asia Pacific (APAC). The Region Heads provide operational support and co-ordination within the region and steer all regional development projects. They also have regional Profit & Loss 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 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. 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. In this regard Kemira has decided to apply a longer period than that required by the Insider Guidelines issued by NASDAQ OMX Helsinki Ltd, according to which the period must be a minimum of 14 days.

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, 2014 and December 31, 2013. 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	number of shares Dec 31, 2014	number of shares Dec 31, 2013
Board of Directors		
Büchele Wolfgang	100,957	99,657
Fok Winnie	5,200	3,900
Laaksonen Juha	7,327	5,702
Lappalainen Timo	1,300	not an insider
Paasikivi Jari	209,066	130,655
Tuomas Kerttu	7,017	5,392
Former members of the Board of Directors in 2014		
Viinanen Jukka	not an insider	10,191
Members of the Management Board		
Castrén Petri	2,500	500
Chan Joe	0	0
Fagerholm Heidi	0	0
Helsky Petri	71,501	71,501
Johansen Tarjei	0	not an insider
Löffelmann Micahel	0	not an insider
Rosendal Jari	10,000	not an insider
Salminen Antti	3,000	0
Salonen Eeva	26,589	26,589
Former members of the Management Board in 2014		
Casas de Almeida Hilton	not an insider	70,719
Owens Randy	not an insider	72,570
Virolainen Hannu	not an insider	20,166
Wegener Frank	not an insider	13,366
Deputy Managing Director		
Hakkila Jukka	57,856	57,856
Auditor		
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 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 2014 Annual General Meeting elected Deloitte & Touche Ltd. as the Company's auditor, with Jukka Vattulainen, APA, acting as the Principal Auditor.

In 2014, the audit fee paid globally to the auditor (Deloitte) totaled EUR 1.4 million. In addition, a total of EUR 2.6 million was paid as fees for other services.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

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 section Risk Management 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 in section 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 CFO is responsible for the general control system of financial reporting. The areas of responsibility between financial administration of the Group, the regions and the 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 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. 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 are 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 Kemira Group 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 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 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

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

BOARD OF DIRECTORS

JARI PAASIKIVI
b. 1954
- Finnish citizen
- M.Sc. (Econ.)
- Chairman of the Board
- Independent of the Company
- 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's significant shareholders

WINNIE FOK
b. 1956
- British citizen
- B.Comm.
- Member of the Board
- Independent of the Company and its significant shareholders

JUHA LAAKSONEN
b. 1952
- Finnish citizen
- B.Sc. (Econ.)
- Member of the Board
- Independent of the Company and its significant shareholders

TIMO LAPPALAINEN
b. 1962
- Finnish citizen
- M.Sc. (Eng.)
- Member of the Board
- Independent of the Company and its significant shareholders

Former members of the Board in 2014:

JUKKA VIINANEN
b. 1948
M.Sc. (Tech.)
Chairman of the Board until March 24, 2014

PERSONAL DATA

MANAGING DIRECTOR, DEPUTY MANAGING DIRECTOR AND MEMBERS OF THE MANAGEMENT BOARD

JARI ROSENDAL
b. 1965
M. Sc. (Eng.)
Managing Director
Chairman of the
Management Board

JUKKA HAKKILA
b. 1960
LL.M.
Group General Counsel
Deputy Managing Director
Secretary of the
Management Board

PETRI CASTRÉN
b. 1962
LL.M., MBA
CFO

HEIDI FAGERHOLM
b. 1964
D.Sc. (Chem.Eng.)
CTO

PETRI HELSKY
b. 1966
M.Sc. (Chem. Eng.)
M.Sc. (Econ.)
President, Paper
As of January 1, 2015
President Paper and Region
APAC

TARJEI JOHANSEN
b. 1971
M. Sc.
President, Oil & Mining and
Region Americas

MICHAEL
LÖFFELMANN
b. 1970
Ph.D. (Eng.).
Executive Vice
President,Projects and
Manufacturing Technology
As of November 1, 2014

PERSONAL DATA

MANAGING DIRECTOR, DEPUTY MANAGING DIRECTOR AND MEMBERS OF THE MANAGEMENT BOARD

ANTTI SALMINEN
b. 1971
Ph.D (Eng.)
President, Municipal & Industrial and Region EMEA

EEVA SALONEN
b. 1960
M.A. (Edu.)
EVP, Human Resources

Former members of the Management Board in 2014:

HILTON CASAS DE ALMEIDA
b. 1961
B.Sc. (Chemistry)
President, South America
until March 31, 2014

JOE CHAN
b. 1956
Executive MBA (CEIBS)
President, Region APAC
until December 31, 2014

RANDY OWENS
b. 1964
B.Sc. MBA
President, Oil & Mining and NAFTA
until January 31, 2014

HANNU VIROLAINEN
b. 1963
M.Sc. (Econ.) M.Sc. (Agr.)
President, ChemSolutions and EHSQ
until March 31, 2014

FRANK WEGENER
b. 1962
Ph.D (Technical Chemistry)
President, Municipal & Industrial and Region EMEA
until October 31, 2014

RISK MANAGEMENT

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

RISK MANAGEMENT POLICY

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

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

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

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

RISK MANAGEMENT IMPLEMENTATION

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

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

ABOUT KEMIRA'S RISKS

As in previous years, risk management was integrated into the strategy process in 2014. Risks were assessed against defined strategic objectives of Kemira. Kemira's key risks from different risk categories are described next. Despite proactive risk management efforts, some of the risks may possibly materialize and significantly impact Kemira's ability to achieve its targets.

CHANGES IN CUSTOMER DEMAND

Significant and rapid decline in the use of certain chemicals (e.g. chemicals for packaging and board production) or in the demand of customers' products or activity (e.g. drilling of oil) could have a negative impact on Kemira's business. Significant decline in oil, gas, and metal prices may shift customers' activities in areas, which can be exploited with fewer chemicals. Also increased awareness of and concern toward climate change and more sustainable products may change customers' demands, for instance, toward water treatment technologies with lower chemical consumption, and this may have a negative impact on especially Kemira Municipal & Industrial segment's ability to compete. On the other hand, customer's possible capacity expansions could increase the chemical consumption and challenge Kemira's current production capacity. Failure from Kemira's side to be prepared to meet and manage these changed expectations could result in loss of market share.

In order to manage and mitigate this risk, Kemira monitors systematically leading indicators and early warning indicators that focus on market development. Kemira has also continued to focus on the sustainability of its business and is further improving the coordination and cooperation between Business Development, R&D, and Sales units in order to better understand the future needs and expectations of its customers. Timely capital investments as well as continuous discussions and follow-ups with customers ensure Kemira's ability to respond to possible increase in demands. Kemira's geographic and customer-industry diversity also provides partial protection against the risk of changed customer demands.

CHANGES IN LAWS AND REGULATIONS

Kemira's business is subject to various laws and regulations, which have relevance in development and implementation of Kemira's strategy. Although laws and regulations can generally be considered as an opportunity for Kemira, certain new legislative initiatives supporting, for instance, the use of biodegradable raw materials or biological water treatment, limiting the use of aluminum or phosphates, or relating to recovery or recycling of phosphorus, may also have a negative impact on Kemira's business. Significant changes, for instance, in chemical, environmental or transportation laws and regulations (e.g. REACH, EU Sulphur Directive), may impact Kemira's profitability through the increase in production and transportation costs. At the same time, such changes may also create new business opportunities for Kemira.

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

COMPETITION

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

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

ECONOMIC CONDITIONS

Uncertainties in global economic and geopolitical development are considered to include direct or indirect risks, such as a continuation of low-growth period in the global GDP and negative development in Ukraine, which could both have unfavorable impacts on the demand for Kemira's products. Weak economic development may result in customer closures or consolidations diminishing customer base. Also, the liquidity of Kemira's customers could become weaker, resulting in increased credit losses for Kemira. Unfavorable market conditions may also increase the availability and price risk of certain raw materials. Kemira's geographical and customer-industry diversity provides only partial protection against this risk.

HAZARD RISKS

Kemira's production activities involve many hazard risks, such as fires and explosions, natural catastrophes, environmental risks, as well as employee health and safety risks. Systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs, and competent personnel play a central role in managing these hazard risks. In addition, Kemira has several insurance programs that protect the company against financial impacts of hazard risks.

INNOVATION AND R&D

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

Innovation- and R&D-related risks are being managed through efficient R&D portfolio management in close collaboration between R&D and business segments. Kemira has further improved the coordination and cooperation between Business Development, R&D, and Sales units in order to better understand the future needs and expectations of its customers. Increased focus towards the development of more differentiated and sustainable products and processes has been continued through innovation training for management, innovation contest and the establishment of an internal Innovation Community. Kemira is also continuously monitoring the sales of its new products and applications (launched into the market within the last 5 years).

ACQUISITIONS

Acquisitions can be considered as an important driver in the accomplishment of corporate goals and strategies. Consolidations are driven by, for instance, chemical manufacturers' interests in realizing synergies and establishing footholds in new markets.

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

Kemira has Group-level dedicated resources to actively manage merger and acquisition activities. In addition, external advisory services are being used to screen potential mergers and acquisitions and help execute transactions and post-merger integration. Kemira has also developed its M&A procedures to better support and improve the execution of its business transactions in the future.

PRICE AND AVAILABILITY OF RAW MATERIALS AND COMMODITIES

Continuous improvement of profitability is a crucial part of Kemira's strategy. Significant and sudden increase in raw material, commodity, or logistic costs could place Kemira's profitability targets at risk if Kemira is not able to pass on such increase to product prices without delay. For instance, remarkable changes in oil and electricity prices could materially impact Kemira's profitability.

Changes in the raw material supplier field, such as consolidation or decreasing capacity, may increase raw material prices. Also, material demand changes in industries that are the main users of certain raw materials may lead to significant raw material price fluctuations. Poor availability of certain raw materials may affect Kemira's production if Kemira fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Sourcing unit. Risk management measures include, for instance, forward-looking forecasting of key raw materials and commodities, synchronization of raw material purchase agreements and sales agreements, strategic investment in energy-generating companies, and hedging a portion of the energy and electricity spend.

SUPPLIERS

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

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

TALENT MANAGEMENT

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

More detailed information on financial risks and their management is provided in the Financial Statements, in section Management of financial risks.

MANAGEMENT REMUNERATION STATEMENT

This Management Remuneration Statement is a description of the management remuneration in Kemira Oyj and is published pursuant to Recommendation No. 47 of the Finnish Corporate Governance Code 2010.

REMUNERATION OF THE BOARD OF DIRECTORS

The Annual General Meeting decides the remuneration of the Board of Directors for one term of office at a time. In 2014, according to the decisions of the Annual General Meeting, the members of the Board of Directors were paid an annual fee and a fee per meeting.

The annual fees were as follows:

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

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

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

The meeting fees were paid in cash.

Travel expenses were 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 shares are transferred to the members of the Board of Directors within two weeks after the release of Kemira's interim report January 1 – March 31, 2014.

The following amounts of shares were paid on May 5, 2014 as part of the annual fee decided by the Annual General Meeting 2014:

- the Chairman received 2,671 shares,
- the Vice Chairman and Chairman of the Audit Committee 1,625 shares and
- the other members 1,300 shares.

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

The members of the Board of Direcrtors are not eligible for any cash bonus plans, share-based incentive plans or supplementary pension plans of Kemira Oyj.

The remuneration of the Board of Directors, including the annual fee and fees per meeting	2014 (euroa)	2013 (euroa)
Jari Paasikivi, Chairman	86,733	56,710
Wolfgang Büchele (since March 24, 2014)	43,573	-
Winnie Fok	66,973	66,968
Juha Laaksonen	57,916	56,710
Timo Lappalainen (since March 24, 2014)	42,973	-
Kerttu Tuomas, vice chairman	54,916	47,168
Jukka Viinanen (Chairman until March 24, 2014)	2,400	84,923
Elizabeth Armstrong (until March 26, 2013)	-	7,200
Total	**355,484**	**322,678**

REMUNERATION OF THE MANAGING DIRECTOR, THE DEPUTY MANAGING DIRECTOR AND THE MANAGEMENT BOARD

Remuneration of the Managing Director (President & CEO), his Deputy and the other members of the Management Board comprises a monthly salary, benefits and performance-based incentives. The performance-based incentives consist of an annual cash bonus plan and a long-term share-based incentive plan. The main principles of the performance-based incentive plans are described below under the section Decision-making process and main principles of remuneration.

In 2014 the annual base salary of Managing Director Wolfgang Büchele was EUR 680,000 per year, including a car benefit and a mobile phone benefit. During his service as Managing Director between January 1 and April 30, 2014 he was paid in total EUR 448,261 including base salary, benefits and a performance based cash bonus of EUR 157,039. No performance based share incentive was paid to Wolfgang Büchele in 2014.

In 2014 the annual base salary of Managing Director Jari Rosendal was EUR 567,000 per year, including a car benefit and a mobile phone benefit. During his service as Managing Director between May 1 and December 31, 2014 he was paid in total EUR 360,000 including base salary and benefits. No performance based cash bonur or share incentive was paid to Jari Rosendal.

Managing Director Jari Rosendal belongs to the scope of the Finnish Employee's Pension Act (TyEL), which provides pension security based on years of service and earnings as stipulated by law. The retirement age of the Managing Director is 63.

Neither the Managing Director, his Deputy nor the members of the Management Board have a separate supplementary pension arrangement.

A mutual termination notice period of six months applies to the Managing Director. The Managing Director is entitled to an additional severance pay of 12 months' salary in case the company terminates his service.

Remuneration paid to the Managing Director, Deputy Managing Director and other members of the Management Board	Salary and benefits (EUR)	Performance-based annual bonus plan (EUR)	Performance-based share plan (EUR)	Total 2014 (EUR)	Total 2013 (EUR)
Managing Director Wolfgang Büchele (until April 30, 2014)	291,222	157,039	-	448,261	964,566
Managing Director Jari Rosendal (since May 1, 2014)	360,000	-	-	360,000	-
Deputy Managing Director Jukka Hakkila *	178,810	41,059	-	219,869	161,557
Other members of the Management Board	3,325,949	567,509	-	3,893,458	2,472,568

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

DECISION-MAKING PROCESS AND MAIN PRINCIPLES OF REMUNERATION

The Board of Directors decides the salaries, other remuneration and the terms of employment of the Managing Director, his Deputy 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.

The cash bonus is determined based on the achievement of the Kemira Group level and personal level performance targets set by the Board of Directors for each financial year. The maximum bonus for the Managing Director is 60% of the annual gross salary, for the Managing Director's Deputy 50% and for the other members of the Management Board 50–70% of the annual gross salary. In 2014, as regards the Kemira Group level performance target, the cash bonus was determined on the basis of the gross margin, EBIT and cash flow of Kemira Group.

SHARE-BASED INCENTIVE PLAN FOR THE STRATEGIC MANAGEMENT 2012–2014

The strategic management was eligible for a long-term share-based incentive plan which run during 2012–2014. This long-term share-based incentive plan was established by the Board of Directors in February 2012. The participants of this plan were the Managing Director, the Deputy Managing Director and the members of the Management Board. Earning of share rewards under the plan is conditional upon satisfaction of the earning criteria set by the Board of Directors. The earning criteria include both an internal and an external performance target. The internal target is divided into three one-year performance periods: 2012, 2013 and 2014. Payment of the share reward depends on the achievement of the intrinsic value target, which is calculated based on the development of EBITDA and the development of the net debt. The program also includes a three-year external goal, which is tied to the relative total shareholder return (TSR) performance during 2012–2014. As a guiding principle, reward will only be paid based on excellent performance.

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

Shares earned under the plan must be held for a minimum of two years following each payment. In addition, the participants must retain 50% of the shares earned under the plan until their ownership of Kemira shares based on shares earned under the share-based incentive programs of Kemira has reached a share ownership level which in value equals at least their gross annual salary for as long as they remain participants in the plan.

The shares paid under the plan comprise treasury shares held by the company and Kemira Oyj shares acquired in public securities trading. Share acquisition and share issue authorizations are obtained from the Annual General Meeting.

In addition to the long-term share-based incentive plan targeted to the strategic management, Kemira had a share-based incentive plan targeted to the other key personnel. The participants of the plan targeted to the strategic management were not eligible to participate in the incentive plan targeted to the other key personnel.

SHARE-BASED INCENTIVE PLAN FOR MANAGEMENT AND KEY EMPLOYEES 2015–2017

On December 15, 2014 the Board of Directors of Kemira Oyj decided to establish a new long-term share-based incentive plan directed to a group of key employees in Kemira. The aim of the new 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 new plan replaces the share-based incentive plan targeted to the strategic management 2012–2014 as well as the share-based incentive plan targeted to the key personnel.

The new Performance Share Plan includes three performance periods: calendar years 2015, 2016 and 2017. The Board of Directors of Kemira will decide on the Plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The potential reward of the Plan from the performance period 2015 will be based on the Kemira Group's revenue and on the Group's operative EBITDA margin.

The potential reward from the performance period 2015 will be paid partly in Kemira's shares and partly in cash in 2016. The cash proportion covers the taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

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. 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.

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 net 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.

The Performance Share Plan is directed to approximately 90 people. The rewards to be paid on the basis of the 2015 earning period of the Performance Share Plan correspond to the value of an approximate maximum total of 585,000 Kemira Oyj shares and additionally the cash proportion intended to cover taxes and tax-related costs.

Kemira
Where water
meets chemistry™

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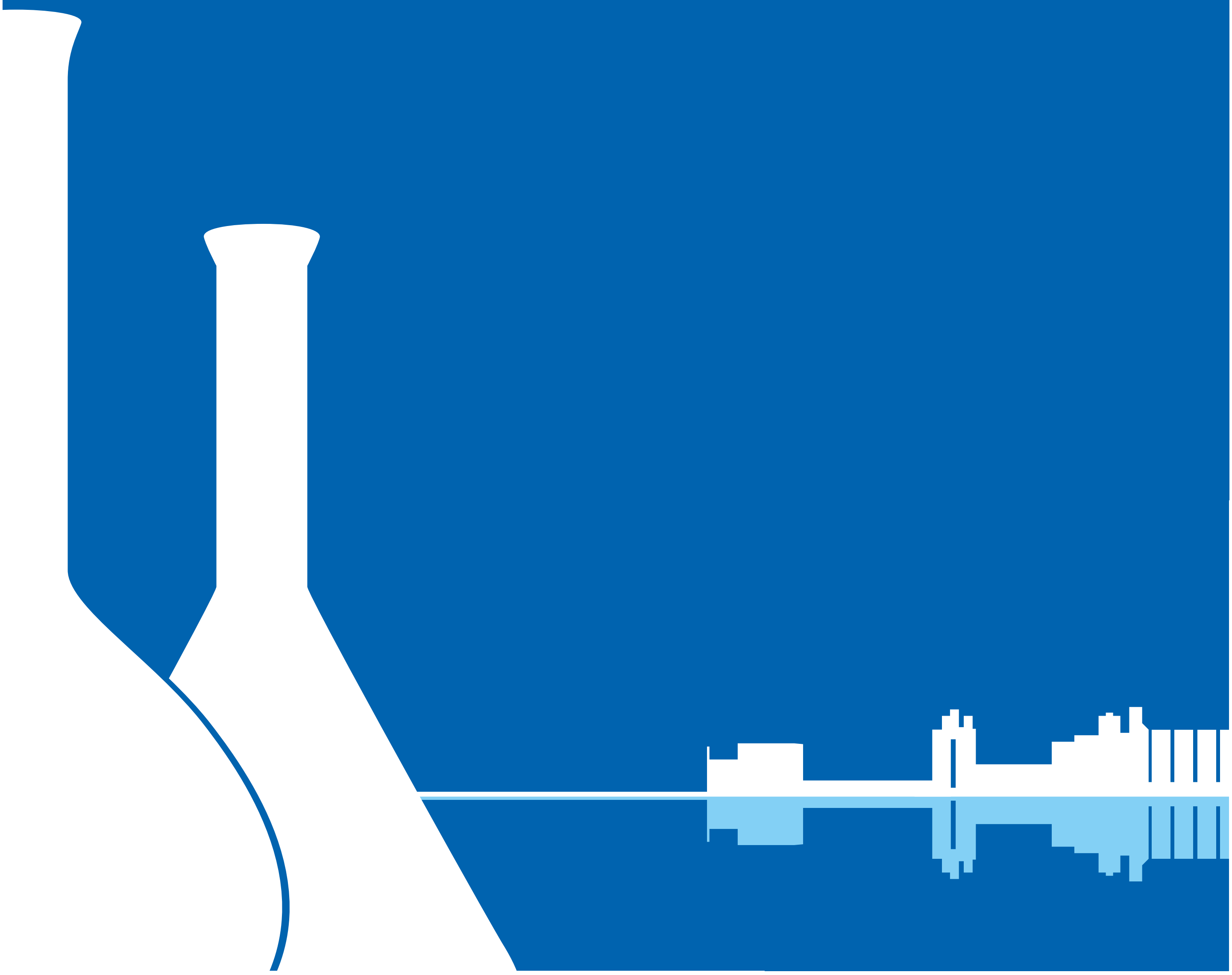


AFTER THE RECENT RESTRUCTURING PHASE, KEMIRA TURNS A NEW CHAPTER TOWARDS GROWTH

Our strategic focus is clear: we provide application knowhow and chemicals that improve our customers' water, energy and raw material efficiency in water-intensive industries. Through our three strong segments Paper, Oil & Mining and Municipal & Industrial, we are targeting EUR 2.7 billion revenue and 15% operative EBITDA margin level by the end of 2017.

Jari Rosendal
President & CEO

Q1

- Telemaco Borba (BR) process chemical expansion announced
- Completion of formic acid business divestment
- EMEA Business Service Center opening (PL)

Q2

- Tarragona (ES) coagulant site launched
- New President & CEO Jari Rosendal started
- BASF AKD emulsion acquisition completed
- Kemira chosen to supply sodium chlorate to Klabin (BR)
- Pulp chemical deliveries to Montes del Plata (UY) started

Q3

- AkzoNobel paper chemical acquisition (preliminary agreement)
- Baseline study of water resources in Guangxi (CN), a joint Kemira and Stora Enso community engagement & water stewardship program
- Oulu (FI) pulp chemicals expansion
- Kemira (SE) wins "energy smart company" prize

Q4

- Paper chemicals capacity expansion (IT)
- Kemira recognized in CDP's Nordic Climate Disclosure Leadership Index
- Nanjing (CN) process chemical site ramped up
- Kemira position paper and stakeholder contact program as a response to the European Commission public consultation on water reuse

VISIT KEMIRA ANNUAL REPORT 2014 ONLINE:
www.kemira.com/investors

FINANCIAL STATEMENTS 2014

BOARD OF DIRECTORS' REVIEW 2014

Revenue in 2014 decreased 4% to EUR 2,136.7 million (2013: 2,229.1) mainly due to divestments. Revenue in local currencies, excluding acquisitions and divestments increased 3% mainly due to continued sales volume growth in Paper and Oil & Mining. Operative EBITDA was EUR 252.9 million (251.9) with an improved margin of 11.8% (11.3%). Margin improved as a result of sales volume growth and margin dilutive divestments. The reported earnings per share increased to EUR 0.59 (-0.21) mainly as a result of lower non-recurring charges than in the comparable period. Operative earnings per share decreased to EUR 0.63 (0.70) mainly due to higher financing expenses. The Board of Directors proposes a cash dividend of EUR 0.53 per share (0.53), equaling a total of EUR 81 million (81). Kemira's dividend policy was revised. The revised policy aims at paying a stable and competitive dividend. The previous policy aimed at paying a dividend that accounted for 40–60% of Kemira's operative net income.

KEY FIGURES AND RATIOS

EUR million	2014	2013
Revenue	**2,136.7**	2,229.1
Operative EBITDA	**252.9**	251.9
Operative EBITDA, %	**11.8**	11.3
EBITDA	**252.9**	141.9
EBITDA, %	**11.8**	6.4
Operative EBIT	**158.3**	164.2
Operative EBIT, %	**7.4**	7.4
EBIT	**152.6**	42.6
EBIT, %	**7.1**	1.9
Share of profit or loss of associates	**0.2**	-1.1
Financing income and expenses	**-30.7**	-39.0
Profit before tax	**122.1**	2.5
Net profit	**95.8**	-25.9
Earnings per share, EUR	**0.59**	-0.21
Operative earnings per share, EUR	**0.63**	0.70
Capital employed*	**1,427.7**	1,493.0
Operative ROCE*	**11.1**	10.9
ROCE*	**10.7**	2.8
Capital expenditure	**145.1**	197.5
Cash flow after investing activities	**75.2**	195.7
Equity ratio, % at period-end	**51**	51
Gearing, % at period-end	**42**	41
Personnel at period-end	**4,248**	4,453

* 12-month rolling average

Definitions of key figures are available at www.kemira.com > Investors > Financial information. Definition of Capital employed has been changed and the respective numbers for 2013 and 2014 have been restated. Comparative 2013 figures are provided in parentheses for some financial results, where appropriate. Operative EBITDA, operative EBIT, operative earnings per share and operative ROCE do not include non-recurring items.

FINANCIAL PERFORMANCE, FULL YEAR 2014

Kemira Group's **revenue** decreased 4% to EUR 2,136.7 million (2,229.1). Revenue in local currencies, excluding acquisitions and divestments increased 3%, mainly due to continued sales volume growth in Paper and Oil & Mining. Sales price changes had no material impact on revenues.

In the Paper segment, revenues increased 5% to EUR 1,170.0 million (1,112.8). Revenue growth in local currencies, excluding acquisitions and divestments, was 6% driven by higher sales volumes as well as somewhat higher sales prices. Sales volumes of sizing and strength chemicals increased, driven mainly by increased demand in the packaging board industry. Pulp chemical deliveries to the new 1.3 million ton Montes del Plata pulp mill in Uruguay, also contributed to higher sales volumes. Sales prices were higher, mainly due to the corresponding increase of raw material prices.

In the Oil & Mining segment, revenues increased 23% to EUR 382.2 million (311.5). Revenue growth in local currencies, excluding acquisitions and divestments, was 15% due to strong sales volume growth in the Americas. The growth in the Americas was supported by high demand of polyacrylamides used in horizontal oil and gas drilling and stimulation. Sales price changes had a negligible impact on revenues.

In the Municipal & Industrial segment, revenues decreased 14% to EUR 564.7 million (659.4). Revenue in local currencies, excluding acquisitions and divestments decreased by -7% due to lower sales volumes and sales prices in the Americas and EMEA.

Following its strategy to shift focus towards growing differentiated product lines, Kemira finalized the integration of three acquisitions in 2014: 3F polymer business, Soto Industries paper chemical business and BASF AKD emulsion business. The impact of these acquisitions was 3% or approximately EUR 70 million on the Group's revenues in 2014. In addition, Kemira divested several commodity product businesses at the end of 2013 and in the beginning of 2014. The divestments included an aluminum and coagulant business in Brazil (closed on December 11, 2013), chemical distribution business in Denmark (closed on January 2, 2014), formic acid and its derivatives business in Finland (closed on March 6, 2014) and some other small commodity businesses in Denmark, Romania and Mexico. The impact of these divestments was -9% or approximately EUR 200 million on the Group's revenues in 2014. Currency exchange had a -1% impact.

Geographically, the revenue was split as follows: EMEA 55% (57%), the Americas 39% (37%), and Asia Pacific 6% (6%). According to Kemira's strategy, mature markets are important for all Kemira segments, whereas focus in the emerging markets is on selective expansion. In the emerging markets, Asia Pacific, especially China and Indonesia are the key markets for paper chemicals. Brazil and Uruguay are important markets for the bleaching chemicals used in pulp industry. Oil & Mining is targeting expansion in selected countries in South America as well as in the Middle East and Africa.

REVENUE

EUR million	2014	2013	Δ%
Paper	1,170.0	1,112.8	5
Oil & Mining	382.2	311.5	23
Municipal & Industrial	564.7	659.4	-14
ChemSolutions	19.8	145.4	-
Total	2,136.7	2,229.1	-4

EBITDA increased 78% to EUR 252.9 million (141.9).

Non-recurring items affecting the EBITDA were EUR 0 million (-110.0), including a capital gain of EUR 37 million related to the divestment of formic acid business and capital gains of EUR 7 million related to other disposals. In addition, non-recurring items included approximately a EUR 20 million settlement related to an old alleged infringement of competition law. Provisions and restructuring charges related to streamlining Kemira's operations amounted to approximately EUR 30 million.

NON-RECURRING ITEMS

EUR million	2014	2013
Within EBITDA	0.0	-110.0
Paper	-27.3	-32.7
Oil & Mining	-2.2	-8.1
Municipal & Industrial	-6.8	-68.8
ChemSolutions	36.3	-0.6
Within depreciations, amortization and impairment losses	-5.7	-11.6
Paper	-0.9	-8.1
Oil & Mining	0.0	-2.8
Municipal & Industrial	-4.8	-0.4
ChemSolutions	-	-0.3
Total	-5.7	-121.6

The operative EBITDA increased slightly to EUR 252.9 million (251.9). Operative EBITDA in local currencies, excluding acquisitions and divestments increased 2%, mainly due to higher sales volumes. The positive impact related to acquisitions was EUR 14 million and could largely compensate for the divestment impact of EUR -17 million (see variance analysis below). The operative EBITDA margin improved to 11.8% (11.3%). Margin improved mainly as a result of sales volume growth and margin dilutive divestments.

VARIANCE ANALYSIS

EUR million	Jan-Dec
Operative EBITDA, 2013	251.9
Sales volumes	19.1
Sales prices	-1.8
Variable costs	5.4
Fixed costs	-7.8
Currency exchange	3.0
Others, incl. acquisitions and divestments	-8.8
Operative EBITDA, 2014	252.9

OPERATIVE EBITDA

	2014 EUR million	2013 EUR million	Δ%	2014 %-margin	2013 %-margin
Paper	137.2	131.1	5	11.7	11.8
Oil & Mining	48.4	32.7	48	12.7	10.5
Municipal & Industrial	68.1	68.3	0	12.1	10.4
ChemSolutions	-0.8	19.8	-	-4.0	13.6
Total	252.9	251.9	0	11.8	11.3

The operative EBIT decreased 4% to EUR 158.3 million (164.2) mainly due to higher depreciation related to acquisitions and new manufacturing sites in China and Europe.

Income from associated companies was EUR 0.2 million (-1.1).

Financing income and expenses totaled EUR -30.7 million (-39.0). The comparable period was impacted by a write-down of EUR 23 million related to the divestment of Kemira's shares (39%) of the titanium dioxide Joint Venture Sachtleben GmbH. The changes of EUR -1.0 million (3.2) in fair values of electricity derivatives and the currency exchange differences of EUR -1.3 million (2.5) had negative impacts on the financing income and expenses. The overdue interest of approximately EUR 3 million on an old appealed tax verdict had a negative impact on financing expenses. Increased interest costs, partly related to an interest component of currency exchange hedging had additional negative impacts.

Total taxes decreased to EUR 26.3 million (28.4), mainly due to tax-exempt capital gains. The tax rate, excluding non-recurring items decreased to 22.6% (24.9%). Income taxes increased to EUR 30.2 million (25.6).

Net profit attributable to the owners of the parent company increased to EUR 89.9 million (-31.6) and the earnings per share to EUR 0.59 (-0.21). The comparable period in 2013 was impacted mainly by a write-down of EUR 23 million related to the divestment of Kemira's shares (39%) in the titanium dioxide Joint Venture Sachtleben GmbH. Earnings per share, excluding non-recurring items, decreased 10% to EUR 0.63 (0.70).

FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-December 2014 decreased to EUR 74.2 million (200.3) mainly due to foreign currency hedging settlements, higher working capital and a settlement related to an old alleged infringement of competition law. Cash flow after the investing activities decreased to EUR 75.2 million (195.7) including proceeds of EUR 122 million related to the divestment of formic acid business. The comparable period included proceeds of EUR 98 million received from the divestment of shares in JV Sachtleben and EUR 81 million from the divestment of the food and pharmaceuticals businesses. 12-month rolling average net working capital ratio decreased to 9.9% of the revenue (10.9% on December 31, 2013). At the end of the period, Kemira Group's net debt increased to EUR 486 million (456 on December 31, 2013) as a result of lower cash flow and unfavorable currency exchange rates, especially related to the U.S. dollar.

At the end of the period, interest-bearing liabilities totaled EUR 605 million (558 on December 31, 2013). Fixed-rate loans accounted for 82% of the net interest-bearing liabilities (60%). The average interest rate of the Group's interest-bearing liabilities was 2.1% (1.5%). The duration of the Group's interest-bearing loan portfolio was 23 months (14 months). In May 2014, Kemira issued a senior unsecured bond of EUR 200 million. In addition, Kemira signed two EUR 50 million term loans in December, 2014. New loans remained undrawn at the end of the review period.

Short-term liabilities maturing in the next 12 months amounted to EUR 157 million, the commercial papers of which, issued in the Finnish market, represented EUR 10 million and the short-term part of the long-term loans represented EUR 86 million. Cash and cash equivalents totaled EUR 119 million (102 on December 31, 2013).

At the end of the review period, the equity ratio was 51% (51% on December 31, 2013), while the gearing was 42% (41% on December 31, 2013). Shareholder's equity increased to EUR 1,163.3 million (1,125.5 on December 31, 2013).

The Group's most significant transaction currency risks arise from the Canadian dollar and the Swedish krona. At the end of the year, the denominated 12-month exchange rate risk of the Canadian dollar had an equivalent value of approximately EUR 41 million, 52% of which was hedged on an average basis. Correspondingly, the Swedish krona's denominated exchange rate risk was approximately EUR 34 million, 76% of which was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks in relation to the Brazilian real, Norwegian krona, Polish zloty, and the U.S. dollar with the total annual exposure in these currencies at approximately EUR 69 million, 38% of which was hedged on an average basis.

As Kemira's consolidated financial statements are compiled in euros, Kemira is also subject to a currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in a currency other than euro. The most significant translation exposure derives from the U.S. dollar, the Swedish krona, the Canadian dollar, the Chinese renminbi, and the Brazilian real. A strengthening of these currencies against the euro would increase Kemira's revenue and EBITDA through a translation effect. 10% appreciation of the above mentioned currencies against the euro would increase Kemira's EBITDA by approximately EUR 15 million on an annual basis through the translation effect.

CAPITAL EXPENDITURE

Capital expenditure, including the acquisition of BASF AKD emulsion business and an EUR 4 million investment in Pohjolan Voima (PVO) shares, decreased 27% to EUR 145.1 million (197.5) in 2014.

Capex (excl. the BASF AKD emulsion business acquisition and investment in PVO shares) expenditure was EUR 135.9 million (134.8) and can be broken down as follows: expansion capex 43% (52%), improvement capex 27% (26%), and maintenance capex 30% (22%). Expansion capex was lower due to completion of build-out activities on greenfield sites in Dormagen, Germany; Nanjing, China and Tarragona, Spain. A greenfield investment in a sodium chlorate plant in Brazil amounted to EUR 6 million in 2014. Maintenance capex increased mainly due to a triennial maintenance break at the Helsinborg site in Sweden during the second quarter in 2014.

In January-December 2014, the Group's depreciation and impairments increased to EUR 100.3 million (99.3).

RESEARCH AND DEVELOPMENT

Research and Development expenses totaled EUR 28.0 million (32.1) in 2014, representing 1.3% (1.4%) of Kemira Group's revenue.

Kemira's Research and Development is a critical enabler of organic growth and further differentiation. New product launches contribute to the efficiency and sustainability of customer processes, and to improved profitability. Both Kemira's future market position and profitability depend on the company's ability to understand and meet current and future customer needs and market trends, and on its ability to innovate new differentiated products and applications. Revenue from differentiated products increased 9% to EUR 1,029 million (942) in 2014, representing 48% (42%) of Kemira Group's revenue.

Kemira Group's target is to increase the revenue from new products and products for new applications. The share of innovation revenue (revenue from new products or from products to new applications launched within the past five years) in the Group revenue increased to 8% (7%) in 2014.

CORPORATE RESPONSIBILITY

In 2015, Kemira will publish its Corporate Responsibility Report in connection with its Annual Report. The corporate responsibility report 2014 will be verified by a third party and prepared in accordance with the GRI (Global Reporting Initiative) framework. It deals with economic, environmental and social aspects defined material for Kemira, as well as reflects on Kemira's performance in relation to the sustainability targets approved by Kemira's Management Board. The performance targets are displayed in the table below.

RESPONSIBILITY FOCUS AREAS	KPI'S AND KPI TARGET VALUES
RESPONSIBLE BUSINESS PRACTICES	
Kemira Compliance program	Kemira Compliance program → Established by the end of 2014
RESPONSIBLE SUPPLY CHAIN	
Code of Conduct for Suppliers, Distributors and Agents	Supplier contracts with signed CoC-SDA as attachment → 90% by the end of 2015
Supplier sustainability assessment	Number of core, strategic and critical suppliers covered by supplier sustainability assessment → 45 by end of 2014
RESPONSIBILITY FOR EMPLOYEES	
Performance management	Kemira employees covered by the global Performance Management process → > 95% by the end of 2014
Leadership development	People managers participated in global leadership programs at least once in period 2013–2015, cumulative % → > 95% by the end of 2015
Employee engagement	Employee Engagement Index → Index at or above the external industry norm by the end of 2015
	Participation rate in Voices@Kemira → 75–85% by the end of 2015
Occupational health and safety	Number of Total Recordable Injuries (TRI) (per million hours, Kemira + contractor, 1 year rolling average) → Achieve zero injuries
RESPONSIBLE MANUFACTURING	
Water efficiency	Baseline analyzed and water efficiency program defined by the end of 2014
Climate change	Kemira Carbon Index performance → Index ≤ 80 by end of 2020 (baseline year 2012 = 100)
SUSTAINABLE PRODUCTS AND SOLUTIONS	
Sustainability aspects in New Product Development (NPD) process	New NPD projects apply the sustainability check in Gate 1, 100% by the end of 2014
	Existing NPD projects apply the sustainability check in Gates 2–4, 100% by the end of 2014
RESPONSIBILITY TOWARDS THE COMMUNITIES WHERE WE OPERATE	
Participation in local community involvement activities	Kemira sites with over 50 employees participated in local community involvement initiatives at least once in period 2013–2015, cumulative % → 100% by the end of 2015

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,248 employees (4,453 on December 2013). Kemira employed 759 people in Finland (961), 1,654 people elsewhere in EMEA (1,634), 1,483 in the Americas (1,518) and 352 in Asia Pacific (340).

SEGMENTS

PAPER

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

EUR million	2014	2013
Revenue	**1,170.0**	1,112.8
Operative EBITDA	**137.2**	131.1
Operative EBITDA, %	**11.7**	11.8
EBITDA	**109.9**	98.4
EBITDA, %	**9.4**	8.8
Operative EBIT	**85.8**	85.9
Operative EBIT, %	**7.3**	7.7
EBIT	**57.6**	45.1
EBIT, %	**4.9**	4.1
Capital employed*	**881.2**	859.8
ROCE*	**6.5**	5.2
Capital expenditure	**83.0**	75.5
Cash flow after investing activities	**-10.1**	58.2

* 12-month rolling average

The Paper segment's **revenue** increased 5% to EUR 1,170.0 million (1,112.8). Revenues in local currencies, excluding divestments and acquisitions, grew 6% due to sales volume growth, especially in polymers, sizing and strength agents, as well as in other differentiated process chemicals. Sales price changes had a small positive impact on revenues. Currency exchange had a -1% impact. Acquisitions had an impact of 2% and divestments an impact of -1% on the revenue.

In **EMEA**, revenues increased 4% to EUR 675.9 million (651.5) mainly due to the acquisition of the BASF AKD emulsion business and the continued growth of sales volumes of differentiated product lines. During the year, Kemira invested in a production line expansion of process and functional chemistries at San Giorgio site in Italy. The investment strengthens Kemira's position as a supplier for the tissue industry in the region. In addition, Kemira started a multi-million investment to expand its hydrogen peroxide plant in Oulu, Finland, in order to improve its capabilities to serve the growing demand for pulp chemicals in the Nordics.

In **the Americas**, revenues increased 7% to EUR 397.1 million (370.5) as a result of increased sizing, strength, polymer and sodium chlorate sales volumes in North America, as well as the acquisition of Soto Industries (Q3 2013). In South America, pulp chemical deliveries to the new Montes del Plata pulp mill in Uruguay compensated for the impacts of the divested coagulant business and the unfavorable currency exchange. In February, Kemira announced a two-year, multimillion euro investment in Telêmaco Borba, Brazil to support paper and board production in South America by rolling out new technologies for surface sizing, strength properties and surface treatment. In addition, in May, Kemira was selected as a supplier of sodium chlorate to Klabin's new 1.5 million ton pulp mill in Paraná, Brazil. Kemira will build, own and operate a sodium chlorate plant, which is expected to begin production during the first half of 2016.

In **APAC**, revenues increased 7% to EUR 97.0 million (90.7) mainly due to increased sales volumes. During the year, Kemira ramped-up its new production site in Nanjing, China. Production includes ASA sizing chemicals, defoamers and polymers.

Operative EBITDA increased 5% to EUR 137.2 million (131.1), mainly due to higher sales volumes and favorable pricing. Acquisitions also had a small positive impact on the operative EBITDA. Sales price changes could more than compensate for the somewhat higher variable costs. Increased sales and marketing efforts drove higher fixed costs. Operative EBITDA margin was 11.7% (11.8%). Operative EBIT margin decreased to 7.3% (7.7%) as a result of EUR 6 million higher depreciations related to the acquisitions and the new manufacturing site in Nanjing, China.

OIL & MINING

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

EUR million	2014	2013
Revenue	382.2	311.5
Operative EBITDA	48.4	32.7
Operative EBITDA, %	12.7	10.5
EBITDA	46.2	24.6
EBITDA, %	12.1	7.9
Operative EBIT	29.9	17.4
Operative EBIT, %	7.8	5.6
EBIT	27.7	6.5
EBIT, %	7.2	2.1
Capital employed*	239.5	196.0
ROCE*	11.5	3.3
Capital expenditure	26.3	69.8
Cash flow after investing activities	20.6	-60.0

* 12-month rolling average

The Oil & Mining segment's **revenue** increased 23% to EUR 382.2 million (311.5). Revenue in local currencies, excluding acquisitions and divestments increased 15% driven by higher sales volumes. Currency exchange had a -1% impact. The acquisition of 3F had an impact of 10% and the divestment of the coagulant business in Brazil an impact of -1% on the revenue.

In **the Americas**, revenues increased 40% to EUR 287.1 million (204.8) mainly due to strong growth of sales volumes of polymers and other process chemicals used in downstream applications like drilling, extraction and stimulation in the oil & gas industry. The acquisition of 3F, a producer of dry and emulsion polyacrylamide polymers also contributed substantially on the revenue growth. Favorable pricing had a positive impact on revenues and was supported by new innovative technologies like friction reducers and biocides. Friction reducers enable substantial performance improvements in the stimulation of oil & gas wells. Currency exchange had a small negative impact on revenues in the region. During the year, Kemira relocated its global Oil & Mining segment headquarters to Houston, Texas. In addition, Kemira is investing in a new technical service laboratory in the same area. The new headquarters increases Kemira's visibility and presence in the oil and gas industry. The technical laboratory enables faster local technical application service to Kemira's customers.

In **EMEA**, revenues decreased 9% to EUR 95.1 million (104.6) as a result of lower sales volumes. Sales volumes declined mainly due to soft demand for products used in extraction and water treatment in the mining industry.

Operative EBITDA increased 48% to EUR 48.4 million (32.7) as a result of the increased sales volumes and the positive impact of the 3F acquisition. Operative EBITDA margin improved to 12.7% (10.5%). Operative EBIT margin improved to 7.8% (5.6%).

MUNICIPAL & INDUSTRIAL

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

EUR million	2014	2013
Revenue	564.7	659.4
Operative EBITDA	68.1	68.3
Operative EBITDA, %	12.1	10.4
EBITDA	61.3	-0.5
EBITDA, %	10.9	-0.1
Operative EBIT	43.3	45.8
Operative EBIT, %	7.7	6.9
EBIT	31.7	-23.4
EBIT, %	5.6	-3.6
Capital employed*	309.4	350.9
ROCE*	10.2	-6.7
Capital expenditure	35.2	46.9
Cash flow after investing activities	34.3	37.9

* 12-month rolling average

The Municipal & Industrial segment's **revenue** decreased 14% to EUR 564.7 million (659.4). Revenue in local currencies, excluding acquisitions and divestments, decreased by 7%, due to lower sales volumes and sales prices. Acquisitions had an impact of 3% and divestments an impact of -10% on the revenue. Currency exchange had a -1% impact.

In **EMEA**, revenues decreased 5% to EUR 383.9 million (405.0), mainly due to divestments and slightly lower sales prices. Sales prices decreased largely in line with the related raw material prices, e.g. hydrochloric acid. Sales volumes remained close to the level of the comparable period. The acquisition of 3F had an impact of 5% on the revenue. Currency exchange had a small negative impact on the revenue. In April, Kemira commenced production in its new coagulant plant in Tarragona, Spain. Production focuses on aluminum and iron-based coagulants used for drinking water and wastewater treatment. The plant is utilizing by-products derived from Bayer MaterialScience's production as its raw material. The Tarragona plant, together with a similar Dormagen (Germany) plant, is one of the largest coagulant manufacturing plants in EMEA. The joint capacity of Tarragona and Dormagen is important for Kemira in order to sustain its leadership position in the municipal and industrial water treatment markets in EMEA.

In **the Americas**, revenue decreased 32% to EUR 159.2 million (234.3) mainly due to the divestment of coagulant businesses in Brazil and in Mexico. Excluding the impact of the divestments, revenues declined by some 15% as a result of lower sales volumes and sales prices, especially in North America, as well as unfavorable currency exchange rates. Sales volumes recovered towards the end of 2014 as a result of increased sales and marketing efforts, as well as leveraging the offering of high quality raw water and wastewater treatment chemicals to municipal customers.

Operative EBITDA remained at EUR 68.1 million (68.3), despite the year-on-year comparison being negatively impacted by several divestments. Operative EBITDA was positively impacted by the "Fit for Growth"-related savings and the implementation of other efficiency measures which together drew fixed costs some 15% lower than in the comparable period. Variable costs were lower mainly due to decreased raw material costs, which in turn were lower due to cost synergies related to the acquisition of 3F and a decline in certain raw material prices. Sales prices declined largely in line with the related raw material prices. Operative EBITDA margin improved to 12.1% (10.4%). Operative EBIT margin improved to 7.7% (6.9%).

PARENT COMPANY'S FINANCIAL PERFORMANCE

Kemira Oyj's revenue decreased to EUR 1,228.1 million (1,382.1) in 2014. EBITDA was EUR 34.0 million (23.8). EBITDA increased mainly due to lower variable and fixed costs. The parent company's financing income and expenses were EUR -9.3 million (147.0). Financing income and expenses decreased mainly due to lower financial income from Group companies. Net profit totaled EUR -1.3 million (141.2). Capital expenditure totaled EUR 25.7 million (28.3), excluding investments in subsidiaries.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 31, 2014, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the Annual General Meeting.

The number of registered Kemira Oyj shareholders increased 8% to 33,164 registered shareholders in 2014 (30,640 at the end of December 2013). Foreign shareholders held 18.9% of the shares (21.6%), including nominee registered holdings. Households owned 16.1% of the shares (14.9%). Kemira held 3,291,185 treasury shares (3,301,006) representing 2.1% (2.1%) of all company shares. Based on the decision of the Annual General Meeting of Kemira Oyj on March 24, 2014, Kemira Oyj has transferred 9,821 shares on May 5, 2014 to the members of the Board of Directors as a part of the remuneration to the Board.

Kemira Oyj's share closed at EUR 9.89 on the NASDAQ OMX Helsinki at the end of December 2014 (12.16 at the end of December 2013). Shares registered a high of EUR 12.27 and a low of EUR 9.11 in January-December 2014. The average share price was EUR 10.87. The company's market capitalization, excluding treasury shares, was EUR 1,504 million at the end of December 2014 (1,849 at the end of December 2013). In January-December 2014, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki increased 15% to 75 million (65). The average daily trading volume was 300,072 (259,748) shares. Source: NASDAQ OMX.

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at BATS Chi-X and Turquoise. In January-December 2014, a total of 29 million (28) Kemira Oyj's shares were traded on the alternative market places or 28% (30%) of the total amount of traded shares. Source: Fidessa.

The total amount of traded Kemira shares, including the trade on NASDAQ OMX Helsinki and multilateral trading facilities increased by 12% in January-December 2014 compared to January-December 2013.

OWNERSHIP DECEMBER 31, 2014

Corporations	41.0%
Financial and insurance corporations	8.1%
General government	11.5%
Households	16.1%
Non-profit institutions	4.4%
Non-Finnish shareholders incl nominee register	18.9%

SHAREHOLDING BY NUMBER OF SHARES HELD DECEMBER 31, 2014

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	7,043	21.2	441,763	0.3
101–500	14,397	43.4	3,934,243	2.5
501–1,000	5,400	16.3	4,096,417	2.6
1,001–5,000	5,276	15.9	10,831,160	7.0
5,001–10,000	545	1.6	3,963,162	2.5
10,001–50,000	369	1.1	7,255,195	4.7
50,001–100,000	51	0.2	3,863,347	2.5
100,001–500,000	64	0.2	13,004,272	8.4
500,001–1,000,000	7	0.0	4,784,522	3.1
1,000,001 -	12	0.0	103,168,476	66.4
Total	**33,164**	**100.0**	**155,342,557**	**100.0**

LARGEST SHAREHOLDERS DECEMBER 31, 2014

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	28,278,217	18.2
2	Solidium Oy	25,896,087	16.7
3	Varma Mutual Pension Insurance Company	8,164,836	5.3
4	Ilmarinen Mutual Pension Insurance Company	5,000,451	3.2
5	Nordea funds	4,255,825	2.7
6	Mandatum Life	1,704,647	1.1
7	Pohjola Fund Management	1,526,092	1.0
8	Danske Invest Funds	1,138,946	0.7
9	The State Pension Fund	1,090,000	0.7
10	Veritas Pension Insurance Company Ltd.	923,917	0.6
11	Sigrid Jusélius Foundation	730,000	0.5
12	Aktia Funds	620,148	0.4
13	Etera Mutual Pension Insurance Company	609,331	0.4
14	Kaleva Mutual Insurance Company	603,337	0.4
15	The Local Government Pensions Institution	426,482	0.3
	Kemira Oyj	3,291,185	2.1
	Nominee-registered and foreign shareholders	29,389,833	18.9
	Others, total	41,693,223	26.8
	Total	**155,342,557**	**100.0**

SHARE-BASED INCENTIVE PLAN FOR MANAGEMENT AND KEY EMPLOYEES

On December 15, 2014 the Board of Directors of Kemira Oyj decided to establish a new long-term share-based incentive plan targeted at a group of key employees in Kemira. The aim of the new 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 new Performance Share Plan includes three performance periods: calendar years 2015, 2016 and 2017. The Board of Directors of Kemira will decide on the Plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The potential reward of the Plan from the performance period 2015 will be based on the Kemira Group's revenue and on the Group's operative EBITDA margin.

The potential reward from the performance period 2015 will be paid partly in Kemira's shares and partly in cash in 2016. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

The shares paid as reward may not be transferred during the restriction period, which will end two years after the end of the performance period. 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.

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 net number of shares given on the basis of this plan also after the end of the restriction period, as long as the total value of his or her shareholding corresponds to the value of his or her annual gross salary.

The Performance Share Plan is directed at approximately 90 people. The rewards to be paid on the basis of the 2015 earning period of the Performance Share Plan correspond to the value of an approximate maximum total of 585,000 Kemira Oyj shares and additionally the cash proportion intended to cover taxes and tax-related costs.

AGM DECISIONS

ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting held on March 24, 2014 confirmed the dividend of EUR 0.53. The dividend was paid out on April 3, 2014.

The AGM 2014 authorized the Board of Directors to decide upon the repurchase of a maximum of 4,500,000 company's own shares ("Share repurchase authorization"). The Share repurchase authorization is valid until the end of the next Annual General Meeting. The Board has not exercised its authority by December 31, 2014.

The AGM 2014 also authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 of the company's own shares held by the company ("Share issue authorization"). The Share issue authorization is valid until May 31, 2015. The share issue authorization has been used in connection with the Board of Directors remuneration.

The AGM elected Deloitte & Touche Oy to serve as the company's auditor, with Jukka Vattulainen, Authorized Public Accountant, acting as the principal auditor.

CORPORATE GOVERNANCE AND GROUP STRUCTURE

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act and NASDAQ OMX Helsinki Ltd's rules and regulations on listed companies. Furthermore, the company complies with the Finnish Corporate Governance Code. The company's corporate governance is presented as a separate statement on the company's website.

BOARD OF DIRECTORS

On March 24, 2014, the Annual General Meeting elected six members (previously five) to the Board of Directors. Annual General Meeting reelected Winnie Fok, Juha Laaksonen, Jari Paasikivi and Kerttu Tuomas and elected Wolfgang Büchele and Timo Lappalainen as new members. Jari Paasikivi was elected as the Board's Chairman and Kerttu Tuomas was elected as the Vice Chairman. In 2014, Kemira's Board of Directors met 13 times with 97.3% attendance rate.

Kemira Oyj's Board of Directors has appointed two committees: the Personnel and Remuneration Committee and the Audit Committee. The Personnel and Remuneration Committee is chaired by Jari Paasikivi and has Juha Laaksonen and Kerttu Tuomas as members. In 2014, the Compensation Committee met four times with a 100% attendance rate. The Audit Committee is chaired by Juha Laaksonen and has Timo Lappalainen and Jari Paasikivi as members. In 2014, the Audit Committee met five times with a 100% attendance rate.

CHANGES TO COMPANY MANAGEMENT

On May 1, 2014, Jari Rosendal started as Kemira Oyj's President and Chief Executive Officer.

On May 5, 2014, Tarjei Johansen started as President of the Oil & Mining segment and the Americas region.

On November 1, 2014 Antti Salminen started as President of the Municipal & Industrial segment and EMEA region and Michael Löffelmann started as Executive Vice President of Projects & Manufacturing Technology. Both are members of the Management Board.

On January 1, 2015, Joe Chan started as President, China. He reports to the President of Paper Segment and APAC region.

On January 12, 2015, Kemira announced that Petri Helsky, President of Paper Segment and APAC region will resign from his position to take up the position of CEO of Metsä Tissue Corporation. Petri Helsky will continue in his current position and as a member of Kemira's Management Board up until the end of June 2015. Kemira has started the process of finding a successor to lead the Paper segment and the Asia Pacific region.

STRUCTURE

The acquisitions and divestments made during the year are discussed under segment information.

SHORT-TERM RISKS AND UNCERTAINTIES

At Kemira, risk is defined as an event or circumstance, which, if it materializes, may affect Kemira's ability to meet its strategic, operational, and financial goals in a sustainable and ethical way. Kemira's risk management policy and principles proactively protect and help Kemira to reach the desired aggregate risk level and ensure the continuity of Kemira's operations.

CHANGES IN CUSTOMER DEMAND

Significant and rapid decline in the use of certain chemicals (e.g. chemicals for packaging and board production) or in the demand of customers' products or activity (e.g. drilling of oil) could have a negative impact on Kemira's business. Significant decline in oil, gas, and metal prices may shift customers' activities in areas, which can be exploited with fewer chemicals. Also increased awareness of and concern toward climate change and more sustainable products may change customers' demands, for instance, toward water treatment technologies with lower chemical consumption, and this may have a negative impact on especially Kemira Municipal & Industrial segment's ability to compete. On the other hand, customer's possible capacity expansions could increase the chemical consumption and challenge Kemira's current production capacity. Failure from Kemira's side to be prepared to meet and manage these changed expectations could result in loss of market share.

In order to manage and mitigate this risk, Kemira monitors systematically leading indicators and early warning indicators that focus on market development. Kemira has also continued to focus on the sustainability of its business and is further improving the coordination and cooperation between Business Development, R&D, and Sales units in order to better understand the future needs and expectations of its customers. Timely capital investments as well as continuous discussions and follow-ups with customers ensure Kemira's ability to respond to possible increase in demands. Kemira's geographic and customer-industry diversity also provides partial protection against the risk of changed customer demands.

CHANGES IN LAWS AND REGULATIONS

Kemira's business is subject to various laws and regulations, which have relevance in development and implementation of Kemira's strategy. Although laws and regulations can generally be considered as an opportunity for Kemira, certain new legislative initiatives supporting, for instance, the use of biodegradable raw materials or biological water treatment, limiting the use of aluminum or phosphates, or relating to recovery or recycling of phosphorus, may also have a negative impact on Kemira's business. Significant changes, for instance, in chemical, environmental or transportation laws and regulations (e.g. REACH, EU Sulphur Directive), may impact Kemira's profitability through the increase in production and transportation costs. At the same time, such changes may also create new business opportunities for Kemira.

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

COMPETITION

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

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

ECONOMIC CONDITIONS

Uncertainties in global economic and geopolitical development are considered to include direct or indirect risks, such as a continuation of low-growth period in the global GDP and negative development in Ukraine, which could both have unfavorable impacts on the demand for Kemira's products. Weak economic development may result in customer closures or consolidations diminishing customer base. Also, the liquidity of Kemira's customers could become weaker, resulting in increased credit losses for Kemira. Unfavorable market conditions may also increase the availability and price risk of certain raw materials. Kemira's geographical and customer-industry diversity provides only partial protection against this risk.

HAZARD RISKS

Kemira's production activities involve many hazard risks, such as fires and explosions, natural catastrophes, environmental risks, as well as employee health and safety risks. Systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs, and competent personnel play a central role in managing these hazard risks. In addition, Kemira has several insurance programs that protect the company against financial impacts of hazard risks.

INNOVATION AND R&D

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

Innovation- and R&D-related risks are being managed through efficient R&D portfolio management in close collaboration between R&D and business segments. Kemira has further improved the coordination and cooperation between Business Development, R&D, and Sales units in order to better understand the future needs and expectations of its customers. Increased focus towards the development of more differentiated and sustainable products and processes has been continued through innovation training for management, innovation contest and the establishment of an internal Innovation Community. Kemira is also continuously monitoring the sales of its new products and applications (launched into the market within the last 5 years).

ACQUISITIONS

Acquisitions can be considered as an important driver in the accomplishment of corporate goals and strategies. Consolidations are driven by, for instance, chemical manufacturers' interests in realizing synergies and establishing footholds in new markets. Kemira's market position may deteriorate if it is unable to find and take advantage of future acquisition opportunities. Inorganic growth through acquisitions also involves risks, such as the ability to integrate acquired operations and personnel successfully. If realized, this risk may result in a shortage in the set financial targets for such acquisitions.

Kemira has Group-level dedicated resources to actively manage merger and acquisition activities. In addition, external advisory services are being used to screen potential mergers and acquisitions and help execute transactions and post-merger integration. Kemira has also developed its M&A procedures to better support and improve the execution of its business transactions in the future.

PRICE AND AVAILABILITY OF RAW MATERIALS AND COMMODITIES

Continuous improvement of profitability is a crucial part of Kemira's strategy. Significant and sudden increase in raw material, commodity, or logistic costs could place Kemira's profitability targets at risk if Kemira is not able to pass on such increase to product prices without delay. For instance, remarkable changes in oil and electricity prices could materially impact Kemira's profitability.

Changes in the raw material supplier field, such as consolidation or decreasing capacity, may increase raw material prices. Also, material demand changes in industries that are the main users of certain raw materials may lead to significant raw material price fluctuations. Poor availability of certain raw materials may affect Kemira's production if Kemira fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Sourcing unit. Risk management measures include, for instance, forward-looking forecasting of key raw materials and commodities, synchronization of raw material purchase agreements and sales agreements, strategic investment in energy-generating companies, and hedging a portion of the energy and electricity spend.

SUPPLIERS

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

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

TALENT MANAGEMENT

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

A detailed account of the Kemira's risk management principles and organization is available on the company's website at http://www.kemira.com. An account of the financial risks is available in the Notes to the Financial Statements 2014.

OTHER EVENTS DURING THE REVIEW PERIOD

On March 6, 2014, Kemira closed the divestment of formic acid business including the feed and airport runway de-icing product lines, which had formed the major part of the ChemSolutions segment. After the closure, the remaining sodium percarbonate business in ChemSolutions segment was transferred to Paper segment and ChemSolutions segment was discontinued at the beginning of Q2 2014. The figures for Q1 2013-Q1 2014 have been restated according to the new structure.

On July 8, 2014 Kemira announced a preliminary agreement to acquire AkzoNobel's global paper chemicals business. The closing of the transaction is expected in the first quarter of 2015 and is subject to the customary closing conditions, including completion of employee consultation proceedings and approvals of competition authorities in certain countries. At closing, AkzoNobel's paper chemical business will be reported entirely in the Paper segment. The acquisition includes products for retention and sizing, as well as other paper chemicals, including wet strength and coating products. More than 50% of the business serves packaging board and tissue industries. The scope of the transaction includes 16 manufacturing sites of which 6 sites and approximately 400 employees will be transferred to Kemira.10 sites will remain as AkzoNobel sites with contract manufacturing to Kemira. Kemira will increase the capacity of its own paper chemical manufacturing sites during 2015–2016 in order to realize expected production synergies. Kemira expects the capital expenditure required for the capacity increase to range between EUR 20–30 million. The production sites to be transferred to Kemira are located in Spain, Italy, South Korea, Thailand, Indonesia, and Australia.

EVENTS AFTER THE REVIEW PERIOD

PROPOSALS OF THE NOMINATION BOARD TO THE ANNUAL GENERAL MEETING 2015

Kemira Nomination Board proposed to the Annual General Meeting of Kemira Oyj that six members be elected to the Board of Directors and that the present members Wolfgang Büchele, Winnie Fok, Juha Laaksonen, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas be re-elected as members of the Board of Directors. In addition, the Nomination Board proposes Jari Paasikivi to be elected as the Chairman of the Board of Directors and Kerttu Tuomas to be elected as the Vice Chairman.

The Nomination Board proposed to the Annual General Meeting that the annual fees paid to the members of the Board of Directors would increase. The annual fee is proposed to be increased to EUR 80,000 from EUR 74,000 per year to the Chairman, to EUR 49,000 from EUR 45,000 per year to the Vice Chairman and the Chairman of the Audit Committee and to EUR 39,000 from EUR 36,000 per year to the other members. A fee payable for each meeting of the Board of Directors and the Board Committees is proposed to remain unchanged. A fee payable for each meeting would thus be as follows; EUR 600 to members residing in Finland, EUR 1,200 to the members residing in rest of Europe and EUR 2,400 to the members residing outside Europe. Travel expenses are proposed to be paid according to Kemira's travel policy.

In addition, the Nomination Board proposed to the Annual General Meeting that the annual fee be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee will be paid with the company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% will be paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks after the release of Kemira's Interim Report January 1-March 31, 2015. The meeting fees are proposed to be paid in cash.

The Nomination Board has consisted of the following representatives: Pekka Paasikivi, Chairman of the Board of Oras Invest Oy as the Chairman of the Nomination Board; Kari Järvinen, Managing Director of Solidium Oy; Risto Murto, President and CEO of Varma Mutual Pension Insurance Company and Timo Ritakallio, CEO of Ilmarinen Mutual Pension Insurance Company as members of the Nomination Board and Jari Paasikivi, Chairman of Kemira's Board of Directors as an expert member.

DIVIDEND AND DIVIDEND POLICY (REVISED)

On December 31, 2014, Kemira Oyj's distributable funds totaled EUR 600,226,586 net profit, which accounted for EUR -1,279,154 for the period. No material changes have taken place in the company's financial position after the balance sheet date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 23, 2015 that a dividend of EUR 0.53 per share totaling EUR 81 million shall be paid on the basis of the adopted balance sheet for the financial year ended December 31, 2014.

Kemira revised dividend policy aiming to pay a stable and competitive dividend.

KEMIRA'S FINANCIAL TARGETS 2017 AND OUTLOOK 2015

Kemira will continue to focus on improving its profitability and operative cash flow. The company will also continue to invest in order to secure future growth serving selected water intensive industries.

The company's financial targets for 2017 are:

- revenue EUR 2.7 billion
- Operative EBITDA-% of revenue 15%
- gearing level <60%.

Kemira expects its capital expenditure-to-sales ratio to increase in the next few years from the 2014 level of 6.3%.

In addition, Kemira expects its medium-term operative tax rate to be in the range of 22%–25%. This rate excludes non-recurring items.

The basis for growth is the expanding market for chemicals and Kemira's expertise that helps customers in water intensive industries to increase their water, energy and raw material efficiency. The need to increase operational efficiency in our customer industries creates opportunities for Kemira to develop new products and services for both current and new customers. Research and Development is a critical enabler of organic growth for Kemira, providing differentiation capabilities in its relevant markets. Kemira will invest in innovation, technical expertise, and competencies in its selected focus areas.

OUTLOOK FOR 2015

In 2015, Kemira will focus on profitable growth both organically and inorganically. Kemira's revenue in 2015 is expected to increase compared to 2014 and operative EBITDA in 2015 to remain approximately at the same level or increase compared to 2014. The outlook excludes the impact of AkzoNobel paper chemical business (acquisition expected to close in the first quarter of 2015). At closing, AkzoNobel paper chemical business is expected to add revenue of more than EUR 200 million on an annualized basis.

Helsinki, February 9, 2015

Kemira Oyj
Board of Directors

All forward-looking statements in this review are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

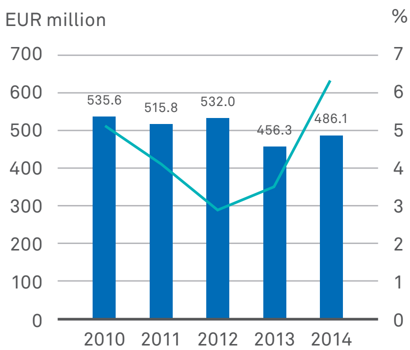
GROUP KEY FIGURES

FINANCIAL FIGURES

	2014	2013	2012	2011	2010
INCOME STATEMENT AND PROFITABILITY					
Revenue, EUR million [1]	**2,137**	2,229	2,241	2,207	2,161
Operating profit, EUR million [2) 3]	**153**	43	33	158	156
% of revenue	**7**	2	1	7	7
Share of profit or loss of associates, EUR million [1) 2]	**0**	-1	11	31	9
Finance income and costs (net), EUR million [1]	**31**	39	16	21	27
% of revenue	**1**	2	1	1	1
Interest cover [1) 2) 3]	**8**	4	11	12	10
Profit before tax, EUR million [1) 3]	**122**	3	29	168	138
% of revenue	**6**	0	1	8	6
Net profit for the period (attributable to equity owners of the parent), EUR million [1) 3]	**90**	-32	18	136	111
Return on investment (ROI), % [3) 4]	**8**	1	3	9	7
Return of equity (ROE), % [3]	**8**	-3	1	10	9
Return on capital employed (ROCE), % [3]	**11**	3	3	11	10
Research and development expenses, EUR million [1]	**28**	32	42	40	42
% of revenue	**1**	1	2	2	2
CASH FLOW					
Net cash generated from operating activities, EUR million	**74**	200	176	178	133
Disposals of subsidiaries and property, plant and equipment and intangible assets, EUR million	**146**	193	30	137	-6
Capital expenditure, EUR million	**145**	198	134	201	107
% of revenue	**7**	9	6	9	5
Cash flow before financing, EUR million	**75**	196	72	115	169
Cash flow return on capital invested (CFROI), % [3]	**4**	10	8	8	6
BALANCE SHEET AND SOLVENCY					
Non-current assets, EUR million	**1,613**	1,501	1,682	1,846	1,862
Shareholders' equity (Equity attributable to equity owners of the parent), EUR million [3]	**1,151**	1,113	1,247	1,358	1,340
Total equity includes non-controlling interests, EUR million [3]	**1,163**	1,126	1,261	1,371	1,366
Total liabilities, EUR million	**1,132**	1,086	1,202	1,306	1,178
Total assets, EUR million [3]	**2,296**	2,211	2,462	2,677	2,544
Interest-bearing net liabilities, EUR million	**486**	456	532	516	536
Equity ratio, % [3]	**51**	51	51	51	54
Gearing, % [3]	**42**	41	42	38	39
Interest-bearing net liabilities per EBITDA [3]	**1.9**	3.2	3.0	2.0	1.9
PERSONNEL					
Average number of personnel	**4,285**	4,632	5,043	5,006	5,608
of whom in Finland	**823**	1,027	1,173	1,145	1,241
EXCHANGE RATES					
Key exchange rates at 31 Dec					
USD	**1.214**	1.379	1.319	1.294	1.336
SEK	**9.393**	8.859	8.582	8.912	8.966
BRL	**3.221**	3.258	2.704	2.416	2.217

1) The financial figures for 2010 are presented without the spin-off effect of Tikkurila.
2) Share of profit or loss of associates is presented after finance expenses.
3) Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´.
4) The financial figure for 2013 has been restated. Finance costs have been decreased by EUR 23 million related to a write-down of the associate company of Sachtleben.

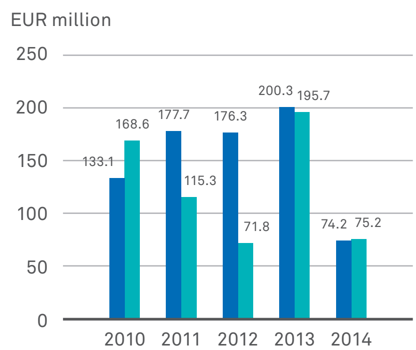
NET LIABILITIES AND FINANCIAL EXPENSES [1–2)]



- Interest bearing net liabilities
- Net financial expenses (% share of interest bearing net liabilities)

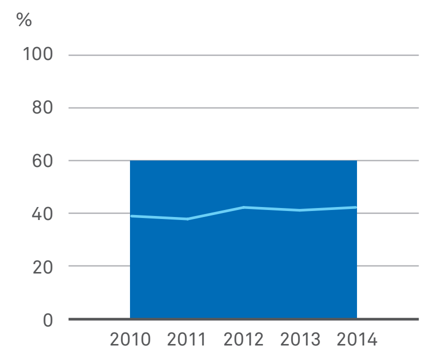
1) Excluding Tikkurila 2010.
2) Excluding write-down of associate company of Sachtleben in 2013.

CASH FLOW



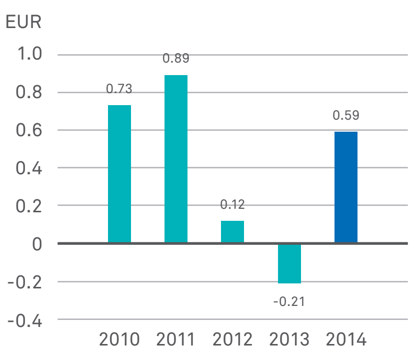
- Net cash generated from operating activities
- Cash flow after investments

GEARING



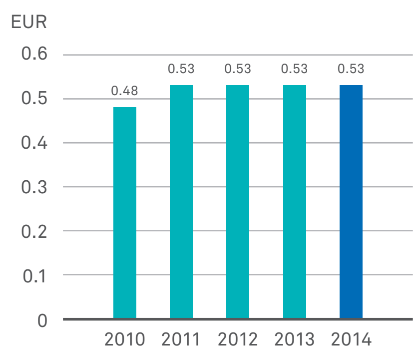
- Comfort zone
- Interest bearing liabilities divided by equity

EARNINGS PER SHARE [1)]



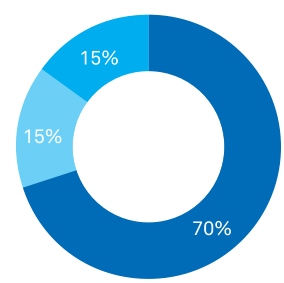
1) Excluding Tikkurila 2010.

DIVIDEND PER SHARE [2)]



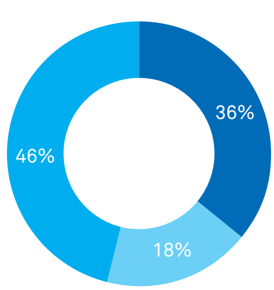
2) The dividend for 2014 is the Board of Director's proposal to the Annual General Meeting.

OPERATING EXPENSES



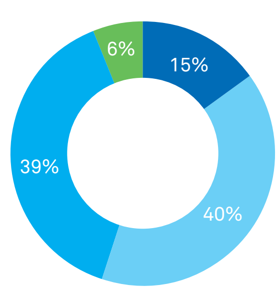
- Material and services
- Personnel expenses
- Other expenses

CAPITAL EXPENDITURE BY CHARACTER



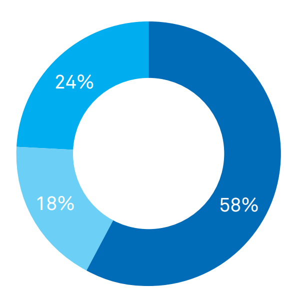
- Maintenance
- Improvement
- Expansion

REVENUE BY REGION



- Finland, domicile of the parent company
- Europe, Middle-East and Africa
- America
- Asia Pacific

CAPITAL EXPENDITURE BY SEGMENT



- Paper
- Oil & Mining
- Municipal & Industrial

GROUP KEY FIGURES

PER SHARE FIGURES

	2014	2013	2012	2011	2010
PER SHARE FIGURES					
Earnings per share, continuing operations, basic and diluted, EUR 1) 3) 5)	**0.59**	-0.21	0.12	0.89	0.73
Earnings per share, basic and diluted, EUR 1) 3) 5)	**0.59**	-0.21	0.12	0.89	4.23
Cash flow from operations per share, EUR 1) 3)	**0.49**	1.32	1.16	1.17	0.88
Dividend per share, EUR 1) 2) 3) 4)	**0.53**	0.53	0.53	0.53	0.48
Dividend payout ratio, % 1) 2) 3) 4) 5)	**89.6**	-255.0	455.1	59.4	65.7
Dividend yield, % 1) 2) 4)	**5.4**	4.4	4.5	5.8	4.1
Equity per share, EUR 1) 5)	**7.57**	7.32	8.20	8.94	8.83
Price per earnings per share (P/E ratio) 1) 3) 5)	**16.72**	-58.50	101.51	10.28	16.01
Price per equity per share 1) 3) 5)	**1.31**	1.66	1.44	1.03	1.33
Price per cash flow from operations per share 1) 3)	**20.24**	9.23	10.18	7.85	13.34
Dividend paid, EUR million 2) 4)	**80.6**	80.6	80.6	80.6	72.8
SHARE PRICE AND TRADING					
Share price, year high, EUR 3)	**12.27**	13.02	12.00	12.67	13.19
Share price, year low, EUR 3)	**9.11**	10.55	8.00	7.80	7.89
Share price, year average, EUR 3)	**10.87**	11.76	10.10	10.49	10.15
Share price at 31 Dec, EUR 3)	**9.89**	12.16	11.81	9.18	11.70
Number of shares traded (1,000)	**75,018**	64,937	88,346	109,013	115,850
% on number of shares	**49**	42	57	70	75
Market capitalization at 31 Dec, EUR million 1)	**1,503.8**	1,848.8	1,795.6	1,395.6	1,775.3
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) 1)	**152,048**	152,039	152,037	151,994	151,697
Average number of shares, diluted (1,000) 1)	**152,203**	152,179	152,173	152,152	152,017
Number of shares at 31 Dec, basic (1,000) 1)	**152,051**	152,042	152,041	152,030	151,735
Number of shares at 31 Dec, diluted (1,000) 1)	**152,373**	152,091	152,090	152,030	152,055
Increase in number of shares (1,000)	**9**	1	11	295	247
Share capital, EUR million	**221.8**	221.8	221.8	221.8	221.8

1) Number of shares outstanding, excluding the number of treasury shares.
2) The total cash dividend payout during 2010 for the financial year 2009 was EUR 41.0 million (EUR 0.27 per share), in addition to the Tikkurila shares which were distributed as a dividend to a total amount of EUR 599.3 million (EUR 3.95 per shares). Kemira distributed a total of 37,933,097 shares in Tikkurila to its shareholders as dividend. The purchase price of Tikkurila's share was EUR 15.80. Each Kemira's four shares entitled one Tikkurila's share as dividend. The share figures based on dividend are calculated in accordance with cash dividend.
3) For 2010 rights offering restated.
4) The dividend for 2014 is the Board of Director's proposal to the Annual General Meeting.
5) Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´.

DEFINITIONS OF KEY FIGURES

PER SHARE FIGURES

EARNINGS PER SHARE (EPS)

$$\frac{\text{Net profit attributable to equity owners of the parent}}{\text{Average number of shares}}$$

CASH FLOW FROM OPERATIONS

Cash flow from operations, after change in net working capital and before investing activities

CASH FLOW FROM OPERATIONS PER SHARE

$$\frac{\text{Cash flow from operations}}{\text{Average number of shares}}$$

DIVIDEND PER SHARE

$$\frac{\text{Dividend paid}}{\text{Number of shares at 31 Dec}}$$

DIVIDEND PAYOUT RATIO, %

$$\frac{\text{Dividend per share x 100}}{\text{Earnings per share (EPS)}}$$

DIVIDEND YIELD, %

$$\frac{\text{Dividend per share x 100}}{\text{Share price at 31 Dec}}$$

EQUITY PER SHARE

$$\frac{\text{Equity attributable to equity owners of the parent at 31 Dec}}{\text{Number of shares at 31 Dec}}$$

SHARE PRICE, YEAR AVERAGE

$$\frac{\text{Shares traded (EUR)}}{\text{Shares traded (volume)}}$$

PRICE PER EARNINGS PER SHARE (P/E)

$$\frac{\text{Share price at 31 Dec}}{\text{Earnings per share (EPS)}}$$

PRICE PER EQUITY PER SHARE

$$\frac{\text{Share price at 31 Dec}}{\text{Equity per share attributable to equity owners of the parent}}$$

PRICE PER CASH FLOW FROM OPERATIONS PER SHARE

$$\frac{\text{Share price at 31 Dec}}{\text{Cash flow from operations per share}}$$

SHARE TURNOVER, %

$$\frac{\text{Number of shares traded x 100}}{\text{Average number of shares}}$$

FINANCIAL FIGURES

INTEREST-BEARING NET LIABILITIES

Interest-bearing liabilities – cash and cash equivalents

EQUITY RATIO, %

$$\frac{\text{Total equity x 100}}{\text{Total assets – prepayments received}}$$

GEARING, %

$$\frac{\text{Interest-bearing net liabilities x 100}}{\text{Total equity}}$$

INTEREST COVER

$$\frac{\text{Operating profit + depreciation, amortization and impairments}}{\text{Net financial expenses}}$$

RETURN ON INVESTMENTS (ROI), %

$$\frac{\text{(Profit before taxes + interest expenses + other financial expenses) x 100}}{\text{(Total assets – non-interest bearing liabilities)}^{1)}}$$

RETURN ON EQUITY (ROE), %

$$\frac{\text{Net profit attributable to equity owners of the parent x 100}}{\text{Equity attributable to equity owners of the parent}^{1)}}$$

CASH FLOW RETURN ON INVESTMENT (CFROI), %

$$\frac{\text{Cash flow from operations x 100}}{\text{(Total assets – interest-free liabilities)}^{1)}}$$

RETURN ON CAPITAL EMPLOYED (ROCE), %

$$\frac{\text{Operating profit + share of profit or loss of associates x 100}}{\text{Capital employed}^{1)\,2)}}$$

CAPITAL TURNOVER

$$\frac{\text{Revenue}}{\text{Capital employed}^{1)\,2)}}$$

INTEREST-BEARING NET LIABILITIES/EBITDA

$$\frac{\text{Interest-bearing net liabilities}}{\text{Operating profit + depreciation, impairments and reversal of impairments}}$$

NET FINANCIAL COST, %

$$\frac{\text{(Net financial expenses – dividend income – exchange rate differences) x 100}}{\text{Interest-bearing net liabilities}^{1)}}$$

1) Average
2) Capital employed = Property, plant and equipment + intangible assets + net working capital + investments in associates

20 CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Income Statement (EUR million)

CONSOLIDATED INCOME STATEMENT (IFRS)

		Year ended 31 December	
	Note	2014	2013
Revenue	2	**2,136.7**	2,229.1
Other operating income	3	**55.2**	15.2
Operating expenses	4, 5	**-1,939.0**	-2,102.4
Depreciation, amortization and impairment	6, 11, 12, 13	**-100.3**	-99.3
Operating profit		**152.6**	42.6
Finance income	7	**4.6**	4.4
Finance expense	7	**-34.0**	-45.9
Exchange differences	7	**-1.3**	2.5
Finance costs, net	7	**-30.7**	-39.0
Share of profit or loss of associates	2, 8	**0.2**	-1.1
Profit before tax		**122.1**	2.5
Income tax expense	9	**-26.3**	-28.4
Net profit for the period		**95.8**	-25.9
Net profit attributable to:			
Equity owners of the parent		**89.9**	-31.6
Non-controlling interests	19	**5.9**	5.7
Net profit for the period		**95.8**	-25.9
Earnings per share for net profit attributable to the equity owners of the parent company (EUR per share)			
Basic and diluted	10	**0.59**	-0.21

The notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Statement of Comprehensive Income (EUR million)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

	Note	Year ended 31 December 2014	2013
Net profit for the period		**95.8**	-25.9
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets		**50.0**	-27.0
Exchange differences on translating foreign operations		**1.2**	-17.7
Cash flow hedges		**3.4**	-2.3
Items that will not be reclassified subsequently to profit or loss			
Remeasurements on defined benefit pensions		**-26.6**	22.6
Other comprehensive income for the period, net of tax	9, 19	**28.0**	-24.4
Total comprehensive income for the period		**123.8**	-50.3
Total comprehensive income attributable to			
Equity owners of the parent		**118.3**	-55.4
Non-controlling interests	19	**5.5**	5.1
Total comprehensive income for the period		**123.8**	-50.3

Items in the Consolidated Statement of Comprehensive Income are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 9.

The notes are an integral part of these Consolidated Financial Statements.

22 CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Balance Sheet (EUR million)

CONSOLIDATED BALANCE SHEET (IFRS)

	Note	As at 31 December 2014	2013
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	**485.6**	471.9
Other intangible assets	12	**76.3**	75.3
Property, plant and equipment	13	**706.2**	644.5
Investments in associates	8	**0.9**	0.8
Available-for-sale financial assets	14, 15	**293.7**	233.6
Deferred tax assets	22	**33.7**	36.0
Other investments		**9.2**	9.2
Defined benefit pension receivables	23	**7.5**	29.8
Total non-current assets		**1,613.1**	1,501.1
CURRENT ASSETS			
Inventories	16	**197.3**	169.9
Interest-bearing receivables	15, 17	**0.1**	0.5
Trade and other receivables	15, 17	**343.7**	320.9
Current income tax assets		**22.4**	11.2
Cash and cash equivalents	29	**119.1**	102.0
Total current assets		**682.6**	604.5
Non-current assets classified as held-for-sale	18	**-**	105.4
Total assets		**2,295.7**	2,211.0
EQUITY AND LIABILITIES			
EQUITY	19		
Equity attributable to equity owners of the parent			
Share capital		**221.8**	221.8
Other equity		**928.9**	890.7
Equity attributable to equity owners of the parent		**1,150.7**	1,112.5
Non-controlling interests		**12.6**	13.0
Total equity		**1,163.3**	1,125.5
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	15, 20, 21	**448.3**	279.9
Other liabilities	15	**21.4**	21.4
Deferred tax liabilities	22	**46.4**	43.5
Defined benefit pension liabilities	23	**73.1**	73.8
Provisions	24	**23.6**	27.3
Total non-current liabilities		**612.8**	445.9
CURRENT LIABILITIES			
Interest-bearing liabilities	15, 20, 21	**156.9**	278.4
Trade payables and other liabilities	15, 25	**327.7**	302.6
Current income tax liabilities		**17.9**	13.6
Provisions	24	**17.1**	25.2
Total current liabilities		**519.6**	619.8
Liabilities directly associated with the assets classified as held-for-sale	18	**-**	19.8
Total liabilities		**1,132.4**	1,085.5
Total equity and liabilities		**2,295.7**	2,211.0

The notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Statement of Cash Flow (EUR million) Kemira 2014 23

CONSOLIDATED STATEMENT OF CASH FLOW (IFRS)

	Note	Year ended 31 December 2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		**95.8**	-25.9
Adjustments for			
Depreciation, amortization and impairment	6, 11, 12, 13	**100.3**	99.3
Income taxes	9	**26.3**	28.5
Finance expenses, net	7	**30.7**	39.0
Share of profit or loss of associates	8	**-0.2**	1.1
Other non-cash income and expenses not involving cash flow		**-64.3**	60.2
Operating profit before change in net working capital		**188.6**	202.2
Change in net working capital			
Increase (-)/decrease (+) in inventories		**-17.6**	-3.5
Increase (-)/decrease (+) in trade and other receivables		**-7.1**	14.1
Increase (+)/decrease (-) in trade payables and other liabilities		**5.3**	14.1
Change in working capital		**-19.4**	24.7
Cash generated from operations		**169.2**	226.9
Interest and other finance cost paid		**-25.8**	-27.7
Interest and other finance income received		**3.0**	8.4
Realized exchange gains and losses		**-39.0**	19.0
Dividends received		**0.2**	0.2
Income taxes paid		**-33.4**	-26.5
Net cash generated from operating activities		**74.2**	200.3
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of subsidiaries, net of cash acquired	27	**0.6**	-58.6
Purchases of available-for-sale financial assets		**-4.6**	-4.1
Purchases of property, plant, equipment and intangible assets		**-141.1**	-134.8
Change in long-term loan receivables decrease (+)/increase (-)		**0.6**	-0.5
Proceeds from sale of subsidiaries, net of cash disposed	26	**130.0**	87.5
Proceeds from sale of associates and paid-in-capital from associates		**0.0**	97.7
Proceeds from sale of available-for-sale financial assets		**9.7**	2.8
Proceeds from sale of property, plant and equipment		**5.8**	5.4
Net cash used in investing activities		**1.0**	-4.6
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current interest-bearing liabilities (+)		**245.0**	0.0
Repayment from non-current interest-bearing liabilities (-)		**-62.6**	-95.1
Short-term financing, net increase (+)/decrease (-)		**-152.9**	-32.6
Dividends paid		**-86.0**	-85.1
Other finance items		**0.1**	-1.1
Net cash used in financing activities		**-56.4**	-213.9
Net decrease (-)/increase (+) in cash and cash equivalents		**18.8**	-18.2
Cash and cash equivalents at 31 Dec		**119.1**	102.0
Exchange gains (+)/losses (-) on cash and cash equivalents		**-1.7**	-3.4
Cash and cash equivalents at 1 Jan		**102.0**	123.6
Net decrease (-)/increase (+) in cash and cash equivalents		**18.8**	-18.2

The notes are an integral part of these Consolidated Financial Statements.

24 CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Statement of Changes in Equity (EUR million)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity at January 1, 2013	221.8	257.9	93.7	196.3	-23.1	-22.2	523.0	1,247.4	13.2	1,260.6
Net profit for the period							-31.6	-31.6	5.7	-25.9
Other comprehensive income, net of tax			-29.3		-17.1		22.6	-23.8	-0.6	-24.4
Total comprehensive income			-29.3		-17.1		-9.0	-55.4	5.1	-50.3
Transactions with owners										
Dividends paid							-80.6	-80.6	-4.5	-85.1
Returned treasury shares						-0.1		-0.1		-0.1
Treasury shares issued to the Board of Directors						0.1		0.1		0.1
Share-based payments							0.2	0.2		0.2
Changes due to business combinations			-0.5				1.3	0.8	-0.8	0.0
Transfers in equity			0.1				-0.1	0.0		0.0
Other changes							0.1	0.1		0.1
Transactions with owners			-0.4			0.0	-79.1	-79.5	-5.3	-84.8
Equity at December 31, 2013	221.8	257.9	64.0	196.3	-40.2	-22.2	434.9	1,112.5	13.0	1,125.5
Equity at January 1, 2014	**221.8**	**257.9**	**64.0**	**196.3**	**-40.2**	**-22.2**	**434.9**	**1,112.5**	**13.0**	**1,125.5**
Net profit for the period							89.9	**89.9**	5.9	**95.8**
Other comprehensive income, net of tax			53.4		1.6		-26.6	**28.4**	-0.4	**28.0**
Total comprehensive income			**53.4**		**1.6**		**63.3**	**118.3**	**5.5**	**123.8**
Transactions with owners										
Dividends paid							-80.6	**-80.6**	-5.4	**-86.0**
Treasury shares issued to the Board of Directors						0.1		**0.1**		**0.1**
Share-based payments							-0.1	**-0.1**		**-0.1**
Changes due to business combinations							0.5	**0.5**	-0.5	**0.0**
Transfers in equity			0.0				0.0	**0.0**		**0.0**
Transactions with owners			**0.0**			**0.1**	**-80.2**	**-80.1**	**-5.9**	**-86.0**
Equity at December 31, 2014	**221.8**	**257.9**	**117.4**	**196.3**	**-38.6**	**-22.1**	**418.0**	**1,150.7**	**12.6**	**1,163.3**

The notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

1. THE GROUP'S ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

GROUP PROFILE

Kemira is a global chemicals company serving customers in water-intensive industries. The company provides expertise, application know-how and chemicals that improve its customers' water, energy and raw material efficiency. Kemira's three segments Paper, Oil & Mining and Municipal & Industrial focus on customers in pulp & paper, oil & gas, mining and water treatment.

The Group's parent company is Kemira Oyj. The parent company is domiciled in Helsinki, Finland, and its registered address is Porkkalankatu 3, FI-00180 Helsinki, Finland. The parent company is listed on NASDAQ OMX Helsinki. A copy of the Consolidated Financial Statements is available at www.kemira.com.

The Board of Directors of Kemira Oyj has approved the Financial Statements for publication at its meeting on February 9, 2015. Under the Finnish Limited Liability Companies Act, the shareholders may accept or reject the Financial Statements at the General Meeting of Shareholders held after their publication. The meeting also has the power to make a decision to amend the Financial Statements.

BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared its Consolidated Financial Statements in accordance with IAS and IFRS (International Financial Reporting Standards) and the related SIC and IFRIC interpretations, issued by the IASB (International Accounting Standards Board). In the Finnish Accounting Act and the statutes under it, the International Financial Reporting Standards refer to the endorsed standards and their interpretations under the European Union Regulation No. 1606/2002, regarding the adoption of the International Financial Reporting Standards applicable within the Community. The Notes to the Consolidated Financial Statements also comply with the requirements of the Finnish accounting and corporate legislation, which supplement the IFRS regulations.

The Consolidated Financial Statements are presented in million euros and have been prepared based on historical cost excluding the items measured at fair value that are available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and share-based payments on the date of grant.

The preparation of Consolidated Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas which need a higher degree of judgment and significant to the Consolidated Financial Statements are described below in section "Critical accounting estimates and judgments".

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

NEW AND AMENDED IFRS STANDARDS ADOPTED IN 2014

The following new and revised IFRSs have been adopted in these Consolidated Financial Statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior but may affect the accounting for future transactions and events.

- IFRS 10 *Consolidated Financial Statements*. The standard establishes control as the base for consolidation. Additionally, the standard provides further guidance on how to apply principles of control when it is challenging to assess.
- IFRS 11 *Joint Arrangements*. The standard emphases the rights and obligations of the joint arrangement rather than its legal form in the accounting. The arrangements are divided into two: joint operations and joint ventures. The standard requires joint ventures to be accounted for using equity method of accounting. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12 *Disclosure of Interests in Other Entities*. The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other, off balance sheet vehicles.
- IAS 27 (revised 2011) *Separate Financial Statements*. The revised standard includes the requirements for separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised 2011) *Investments in Associates and Joint Ventures*. The revised standard includes require-

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

ments for both joint operations and associates to be accounted by using equity method of accounting after IFRS 11 was issued.

- Amendment to IAS 32 *Financial instruments: Presentation*. The amendment clarifies the conditions for net presentation of financial assets and liabilities and introduces some additional application guidance.
- Amendment to IAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets*. The overall effect of the amendments is to clarify the disclosure requirements on those cash generating units which have been subject to impairment.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting*. The amendments allow the continuation of hedge accounting under IAS 39 when a derivative is novated to a clearing counterparty and certain conditions are met.
- Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. The amendment provides additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements*. The amendment provides 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

APPLICATION OF NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

IASB has published the following new or revised standards and interpretations which the Group has not yet adopted. The Group will adopt each standard and interpretation as from the effective date, or if the effective date is other than the first day of the reporting period, from the beginning of the next reporting period after the effective date. The effects of these new and amended standards and interpretations are under investigation.

- IFRS 9 *Financial Instruments* (effective for reporting periods beginning on or after January 1, 2018). IFRS 9 is a several phase project which aims to replace IAS 39 with a new standard. According to the finalised classification and measurement part of IFRS 9, financial assets are classified and measured based on entity's business model and the contractual cash flow characteristics of the financial asset. Classification and measurement of financial liabilities is mainly based on the current IAS 39 principles. The new impairment model reflects an expected credit loss model, as opposed to incurred credit losses model under IAS 39. The finalised general hedge accounting model of IFRS 9 allows reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. The standard has not yet been endorsed by EU.
- IFRS 15 *Revenue from Contracts with Customers* (effective for reporting periods beginning on or after January 1, 2017). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations. The standard has not yet been endorsed by EU.
- Amendment to IFRS 11 *Joint Arrangements* (effective for reporting periods beginning on or after January 1, 2016). The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. The amendment has not yet been endorsed by EU.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Tangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for reporting periods beginning on or after January 1, 2016). The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The amendments have not yet been endorsed by EU.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants* (effective for reporting periods beginning on or after January 1, 2016). The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The amendments have not yet been endorsed by EU.
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (effective for reporting periods beginning on or after 1 July 2014). The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. Retrospective application is required.
- *Annual Improvements to IFRSs 2010–2012 and 2011–2013* (both effective for reporting periods beginning on or after 1 July 2014) and Annual Improvements to IFRSs 2012–2014 (effective for reporting periods beginning on

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

or after 1 January 2016). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements.

- IFRIC 21 *Levies* (effective for reporting periods beginning on or after January 1, 2014). The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The interpretation has been endorsed by the EU on 14 June 2014.

CONSOLIDATION

SUBSIDIARIES

The Consolidated Financial Statements include the parent company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group's subsidiaries are presented in the Note 34.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intra-group transactions are eliminated. Intra-group shareholdings are eliminated by using the acquisition method. The consideration transferred for the acquisition of a subsidiary is defined as an aggregate of the fair values of the assets transferred, the liabilities assumed and the equity interests issued by the Group. The consideration transferred may include the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The amount that exceeds that aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Net profit or loss for the financial year and other comprehensive income attributable to the equity holders of the parent and non-controlling interests are presented in the income statement and in the statement of comprehensive income. The portion of equity attributable to non-controlling interests is stated as an individual item separately from equity to the equity holders of the parent. Total comprehensive income shows separately the total amounts attributable to the equity holders of the parent and to non-controlling interests. The Group recognizes negative non-controlling interests, unless non-controlling interests have a binding obligation to cover losses up to the amount of their investment.

If the parent company's ownership interest in a subsidiary is reduced but the control is retained, the transactions are treated as equity transactions. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, and the difference is recognized in profit or loss.

ASSOCIATES

Associated companies are companies over which the Group exercises significant influence (voting rights generally being 20–50 percent) but not control. Holdings in associated companies are consolidated using the equity method. If the Group's share of an associate's losses exceeds the carrying amount of the investment, the exceeding losses will not be consolidated unless the Group has a commitment to fulfill obligations on behalf of the associate. The Group's share of the associated companies' net profit for the financial year is stated as a separate item in the consolidated income statement after operating profit, in proportion to the Group's holdings. The Group's share of its associates' movements in other comprehensive income is recognized in Group's other comprehensive income. The Group's associates do not have such items for financial years 2013–2014. The Group's associates are presented in the Note 8.

JOINT ARRANGEMENTS

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group had no joint arrangements for financial years 2013–2014.

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured by using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in euro, which is the Group's presentation currency and the parent company's functional currency.

In the Consolidated Financial Statements, the income statements of foreign subsidiaries are translated into euro using the financial year's average foreign currency exchange rates, and the balance sheets are translated using the exchange rates quoted on the balance sheet date. Retranslating the net profit for the period and the other comprehensive income using different exchange rates in

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

the income statement and in the balance sheet causes a translation difference recognized in equity in the balance sheet; the change in this translation difference is presented under other comprehensive income. Goodwill and fair value adjustments to the carrying amounts of the assets and liabilities that arise from the acquisition of a foreign entity are accounted for as part of the assets and liabilities of the foreign entity, and translated into euro at the rate quoted on the balance sheet date.

Translation differences arising from net investment in foreign subsidiaries affecting equity are stated as an increase or decrease in other comprehensive income. When the Group ceases to have control over a subsidiary, the accumulated translation difference is transferred into the income statement as part of gain or loss on sale.

In their day-to-day accounting, the Group companies translate foreign currency transactions into their functional currency at the exchange rates quoted on the transaction date. In the Financial Statements, foreign currency denominated receivables and liabilities are measured at the exchange rates quoted on the balance sheet date, and non-monetary items using the rates quoted on the transaction date. Any foreign exchange gains and losses related to business operations are treated as adjustments to sales and purchases. Exchange rate differences associated with financing transactions and the hedging of the Group's overall foreign currency position are stated in foreign exchange gains or losses under financial income and expenses.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents the total invoicing value of products sold and services rendered less; sales tax, discounts and foreign exchange differences in trade receivables as adjusting items.

The revenue from sale of goods is recognized in the income statement when the major risks and rewards related to the ownership of the goods have been transferred to the buyer.

PENSION OBLIGATIONS

The Group has post-employment schemes, including both defined contribution and defined benefit pension plans in accordance with the local conditions and practices in the countries in which it operates. Pension plans are generally funded through contributions to insurance companies or a separate pension fund.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as compensation and years of service.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income statements.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group's defined benefit plans are presented in the Note 23.

SHARE-BASED PAYMENTS

The Group has equity-settled share-based compensation plans for key personnel and management board members, under which the Group receives services from employees as consideration for equity instrument of the Group. The potential rewards are provided partly in shares and partly in cash. The potential reward provided in shares is recognized as a personnel expense in the income statement and in the equity. Correspondingly, the rewards provided in cash are recognized as a personnel expense in the income statement and in liabilities. The total expense is recognized over the vesting period, which is the period over which the specified vesting conditions are to be satisfied.

Share-based compensation expense is determined on the grant date based on the Group's estimate of the number of shares that are expected to vest at the end of the vesting period. Based on the vesting conditions, the Group revises its estimates of the number of shares expected to vest based on the balance sheet date. It recognizes the potential impact of the revision to original estimates in the income statement as a personnel expense, with the corresponding adjustment made to equity and liabilities at fair value.

Notes 5 and 32 provide information on share-based payment arrangements for key personnel and management board members.

CURRENT AND DEFERRED INCOME TAX

The Group's tax expense for the period comprises current tax, adjustments prior tax periods and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset in such cases, when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Goodwill arises from business combinations. Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually and whenever there is any indication that an asset may be impaired. For this purpose, goodwill is allocated to cash-generating units.

Development costs are capitalized as intangible assets when it can be shown that a development project will generate probable future economic benefit, and the costs attributable to the development project can reliably be measured. Capitalized development costs are presented as a separate item and amortized over their useful lives of a maximum of eight years. Capitalized development costs include material, labor and testing costs, and any capitalized borrowing costs that are directly attributable to bringing the asset ready for its intended use. Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in the subsequent periods.

Other intangible assets include for instance software and software licenses as well as customer relationships and technologies bases acquired in business combinations. Property, plant and equipment (PP&E) and intangible assets (with definite useful lives) are measured at cost less accumulated depreciation and amortization and any impairment losses. The Group has no intangible assets that have an indefinite useful life other than goodwill.

Land is not depreciated. Depreciation/amortization is calculated on a straight-line basis over the asset's useful life. The most commonly applied depreciation/amortization periods according to the Group's accounting policies are:

- Buildings and constructions 25 years
- Machinery and equipment 3–15 years
- Intangible assets 5–10 years

The residual values and useful lives of assets are reviewed at least at the end of each financial year. Gains and losses on the sale of non-current assets are included in other operating income and expenses, respectively. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset in question when it is probable that they will generate future economic benefit and the costs can be reliably measured. The costs of major inspections or the

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overhaul of asset performed at regular intervals and identified as separate components are capitalized and depreciated over their useful lives.

Depreciation of an asset begins when it is available for use and it ceases at the moment that the asset is derecognized.

GOVERNMENT GRANTS

Government grants for investments are recognized as a deduction from the carrying amount of these assets. The grants are recognized in the income statement as smaller depreciations over the asset's useful life. Government grants for research activities are deducted from expenses.

LEASES

Leases involving tangible assets, in which the Group acts as a lessee, are classified as finance leases if substantially all of the risks and rewards of ownership transfer to the Group.

Upon the commencement of the lease term, the finance lease assets are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. These assets and related rental obligations are presented as part of the Group's non-current assets and interest-bearing liabilities. In respect of the finance lease contracts, depreciation on the leased assets and interest expenses from the related liability are shown in the income statement. Rents paid based on operating leases are expensed on a straight-line basis over the lease terms.

When the Group is a lessor, it recognizes assets held under a finance lease as receivables in the balance sheet. Assets held under operating leases are included in PP&E.

Also the arrangements that are not leases in their legal form but convey the rights to use assets in return for a payment or series of payments are treated as leases.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Costs are determined on a first-in first-out (FIFO) basis or by using a weighted average cost formula, depending on the nature of the inventory. The cost of finished goods and work in progress include the proportion of production overheads of the normal capacity. The net realizable value is the sales price received in the ordinary course of business less the estimated costs for completing the asset and the sales costs.

FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVE CONTRACTS

When a financial asset or a financial liability is initially recognized on the trade date, it is measured at cost, which equals the fair value of the consideration given or received. The Group's financial assets are classified for subsequent measurement as financial assets at fair value through profit or loss, loans and receivables issued by the Group, and available-for-sale financial assets.

CATEGORY	FINANCIAL INSTRUMENT	MEASUREMENT
Financial assets at fair value through profit or loss	Currency forward contracts, currency options, currency swaps, interest rate forwards, interest rate futures, interest rate options, interest rate swaps, electricity forwards, natural gas derivatives, certificates of deposit, commercial papers, units in mutual funds, embedded derivatives	Fair value
Loans and receivables	Non-current loan receivables, bank deposits, trade receivables and other receivables	(Amortized) cost
Available-for-sale financial assets	Shares, bond investments	Fair value

FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENTS

Financial assets at fair value through profit or loss are measured at fair value. Fair value is the amount for which an asset could be exchanged or loans paid between knowledgeable, willing parties in an arm's length transaction. These derivative contracts to which hedge accounting in accordance with IAS 39 is not applied are classified as financial assets held for trading. These are classified as financial assets at fair value through profit or loss. In the balance sheet, these items are shown under prepaid expenses and accrued income and accrued expenses and prepaid income. Any gains or losses arising from changes in fair value are recognized through profit or loss on the transaction date in financial items.

LOANS AND RECEIVABLES

Loans and receivables include non-current receivables carried at amortized cost using the effective interest rate method and accounting for any impairment.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are measured at fair value if it is considered that fair value can be determined reliably. Unrealized changes in fair value of financial assets available for sale are recognized in other comprehensive income and presented under equity in the fair value reserve taking the tax effect into account. Accumulated changes in fair value are transferred to the income statement as a reclassification adjustment when the investment is divested or it has been impaired to the extent that an impairment loss has to be recognized. Available-for-sale financial assets include non-listed companies, the shareholdings in Pohjolan Voima Oy (PVO) and Teollisuuden Voima Oyj (TVO) representing the largest investments.

PVO and its subsidiary TVO comprise a private electricity-generating group owned by Finnish manufacturing and power companies, to which it supplies electricity at cost. PVO Group owns and operates, among others, two nuclear power plant units in Olkiluoto in the municipality of Eurajoki. The Group has A and C series shares in TVO and A, B, C, G, H and M series shares in PVO. Different share series entitle the shareholder to electricity generated by different power plants. The owners of each share series are responsible for the fixed costs of the series in question in proportion to the number of the shares, regardless of whether they use their power or energy share or not, and for variable costs in proportion to the amount of energy used.

Kemira Oyj's holding in PVO Group that entitles to the electricity from completed power plants is measured at fair value based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price. In the Financial Statements for 2014 the Group has adopted the revised PVO/TVO shares valuation model. The forward electricity price quotations in Finland area published by the Nordic Electricity Exchange have been used as the market price for electricity of the first five years and after this the development of the prices based on a fundamental simulation model of the Nordic electricity market. The impact of inflation in the coming years is taking into account in the price of electricity and the cost prices. The cost prices are determined by each share series. Future cash flows have been discounted based on the estimated useful lives of the plants related to each share series, and hydro power includes terminal value. The discount rate has been calculated using the annually determined average weighted cost of capital.

More information on PVO Group's fair value determination is presented in Note 14.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, demand deposits and other short-term, highly liquid investments. Items classified as cash and cash equivalents have a maximum maturity of three months from the date of purchase. Credit facilities in use are included in current interest-bearing liabilities.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses any impairment losses on its financial instruments on each balance sheet date. An impairment of a financial asset is recognized when an event with a negative effect on the future cash flows from the investment has occurred. For items measured at amortized cost, the amount of the impairment loss equals the difference between the asset's carrying amount and the present value of estimated future cash flows from the receivable. This is discounted at the financial asset's original effective interest rate. For items measured at fair value, the fair value determines the amount of impairment. Impairment charges are recognized under financial items in the income statement.

The Group sells certain trade receivables to finance companies within the framework of limits stipulated in the agreement. The credit risk associated with these sold receivables and contractual rights to the financial assets in question are transferred from the Group on the selling date. The related expenses are recognized in the financial expenses.

FINANCIAL LIABILITIES

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities. Financial liabilities at fair value through profit and loss include derivatives to which hedge accounting is not applied.

CATEGORY	FINANCIAL INSTRUMENT	MEASUREMENT
Financial liabilities at fair value through profit or loss	Currency forward contracts, currency options, currency swaps, interest rate forwards, interest rate futures, interest rate options, interest rate swaps, electricity forwards, natural gas derivatives, embedded derivatives	Fair value
Other financial liabilities	Current and non-current loans, pension loans, bond and trade payables	(Amortized) cost

DERIVATIVES

The fair values of currency, interest rate and commodity derivatives, currency options and units in mutual funds as well as publicly traded shares are based on prices quoted in active markets on the balance sheet date. The value of other financial instruments measured at fair value is determined on the basis of valuation models using information available in the financial market.

Changes in the value of forward contracts are calculated by measuring the contracts against the forward exchange rates on the balance sheet date and comparing them with the counter values calculated through the forward exchange rates on the date of entry into the forward contracts. The fair value of interest rate derivatives is determined using the market value of similar instruments on the balance sheet date. Other derivatives are measured at the market price on the balance sheet date.

All of the derivatives open on the balance sheet date are measured at their fair values. As a rule, fair value changes from open derivative contracts are recognized through profit or loss under financial items in the Consolidated Financial Statements. The number of embedded derivatives used by the Group is low.

Other financial liabilities are initially recognized in the balance sheet at the initial value of received net assets deducted with direct costs. Later, these financial liabilities are measured at amortized cost, and the difference between the received net assets and amortizations is recognized as interest costs over the loan term.

HEDGE ACCOUNTING

According to IAS 39, hedge accounting refers to a method of accounting aimed at allocating one or more hedging instruments in such a way that their fair value offsets, in full or in part, the changes in the fair value or cash flows of the hedged item. Hedge accounting is applied to hedging the interest rate risk, commodity risk and fair value.

Hedge effectiveness is monitored as required by IAS 39. Effectiveness refers to the capacity of a hedging instrument to offset changes in the fair value of the hedged item or cash flows from a hedged transaction, which are due to the realization of the risk being hedged. A hedging relationship is considered to be highly effective when the change in the fair value of the hedging instrument offsets changes in the cash flows attributable to the hedged items in the range of 80–125 percent. Hedge effectiveness is assessed both prospectively and retrospectively. Testing for hedge effectiveness is repeated on each balance sheet date.

Hedge accounting is discontinued when the criteria for hedge accounting are no longer fulfilled. Gains or losses recognized in other comprehensive income and presented under equity are derecognized and transferred immediately in the income statement, if the hedged item is sold or falls due. However, gains or losses arising from changes in the fair value of those derivatives not fulfilling the hedge accounting criteria under IAS 39 are recognized directly in the income statement.

At the inception of a hedge, the Group has documented the existence of the hedging relationship, including the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, the objectives of risk management and the strategy for undertaking hedging, as well as the description of how hedge effectiveness is assessed.

CASH FLOW HEDGING

Cash flow hedging is used to hedge against variability in cash flows attributable to a particular risk associated with a recognized asset or liability in the balance sheet or a highly probable forecast transaction. Interest rate and commodity derivatives are used as investment instruments in cash flow hedging. Interest rate and commodity derivatives are used as hedging instruments in cash flow hedges. Cash flow hedge accounting, specified in IAS 39 is applied by the Group to only selected hedging items. Changes in the fair value of derivative instruments associated with cash flow hedge are recognized in other comprehensive income (including the tax effect) and presented under equity, providing that they fulfill the criteria set for hedge accounting and are based on effective hedging. The ineffective portion of the gain or loss on the hedging instrument is recognized under financial items in the income statement. Derivatives not fulfilling the hedge accounting criteria are recognized in financial items through profit or loss.

FAIR VALUE HEDGING

Fair value hedges are related to the fixed rate bond loan. Interest rate derivatives are used as instruments in fair value hedging. The fair value of the hedging derivative contracts of change in fair value are recognized in the income statement and the hedged item's book value is adjusted through profit or loss to the extent that the hedge is effective.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions for restructuring costs, personnel related costs, environmental obligations, legal claims and onerous contracts are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made. A restructuring provision is recognized when there is a detailed and appropriate plan prepared for it and the implementation of the plan has begun or has been notified to those whom the restructuring concerns.

The amount recognized as a provision is the present value of the expenditure expected to be required to settle the obligation on the balance sheet date using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events not wholly within the control of the Group or a present obligation that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured within sufficient reliability. Contingent liability is disclosed in the notes.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale transaction and a sale is considered highly probable. Since the time of classification, the assets are valued at the lower of carrying amount and fair value less costs to sell. Depreciation on

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these assets discontinues at the time of classification. Non-current assets classified as held for sale are disclosed separately in the balance sheet.

A discontinued operation is a component of the Group that has either been disposed of, or is classified as held for sale, and meets one of the following criteria:

- it represents a separate major line of business or geographical area of operations,
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- it is a subsidiary that has been acquired exclusively with a prospect of reselling.

The profit or loss of the discontinued operation is stated as a separate item in the consolidated income statement and statement of comprehensive income. Assets held for sale and related to other comprehensive income items are recognized in the balance sheet separately from other items.

IMPAIRMENT OF NON-FINANCIAL ASSETS

On each balance sheet date, the Group's assets are assessed to determine whether there is any indication of an asset's impairment. If any indication of impairment exists, the recoverable amount of the asset or the cash-generating unit is calculated on the basis of the value in use or the net selling price. Annual impairment tests cover goodwill and intangible assets not yet ready for use.

A cash-generating unit has been defined as a reportable segment. Goodwill impairment is tested by comparing the reportable segment's recoverable amount with its carrying amount. The Group does not have intangible assets with indefinite useful lives other than goodwill. All goodwill has been allocated to the reportable segments.

The recoverable amount of a reportable segment is defined as its value in use, which consists of the discounted future cash flows to the unit. Estimates of future cash flows are based on continuing use of an asset and on the latest five-year forecasts by the business unit's management. The annual growth rate used to extrapolate cash flows subsequent to the forecast period is assumed to be zero. Cash flow estimates do not include the effects of improved asset performance, investments or future reorganizations.

An impairment loss is recognized, whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. An impairment loss is recognized in the income statement. Note 11 provides more detailed information on impairment testing.

If there has been a positive change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognized, an impairment loss recognized previously is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized. An impairment loss for goodwill is never reversed.

EMISSIONS ALLOWANCES

The Group holds assigned emissions allowances, under the EU emissions trading system, at its Helsingborg site in Sweden and Oulu site in Finland. Carbon dioxide allowances are accounted for as intangible assets measured at cost. Carbon dioxide allowances received free of charge are measured at their nominal value (zero). A provision for the fulfillment of the obligation to return allowances is recognized if the free-of-charge allowances are not sufficient to cover actual emissions. The Group's consolidated balance sheet shows no items related to emissions allowances when the volume of actual emissions is lower than that of the free-of-charge emissions allowances and the Group has not bought allowances in the market. Note 31, Environmental risks and liabilities, provides information on emissions allowances.

TREASURY SHARES

Purchases of own shares (treasury shares), including the related costs, are deducted directly from equity in the Consolidated Financial Statements.

DIVIDEND DISTRIBUTION

Any dividend proposed by the Board of Directors is not deducted from distributable equity until approved by the shareholders at the Annual General Meeting.

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the parent company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by Kemira Oyj and held as treasury shares. Diluted earnings per share is calculated by the adjusting the weighted average number of ordinary shares plus diluted effect of all potential ordinary shares dilutive such as shares from the share-based payments.

NON-RECURRING ITEMS

Items that are material either because of their size or their nature are considered as one-time items. Most commonly non-recurring items are sales of assets, write-downs and restructuring of the operations. Non-recurring items are described in the board of directors´ review.

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CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continuously evaluated and they are based on previous experience and other factors, such as expectations of future events that are expected to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

ESTIMATED IMPAIRMENT OF GOODWILL

The impairment tests of goodwill and other assets include determining future cash flows which, with regard to the most significant assumptions, are based on gross margin levels, discount rates and the projected period. Major adverse developments in cash flows and interest rates may necessitate the recognition of an impairment loss. More information on goodwill impairment testing, as well as the assumptions used in the sensitivity analysis is presented in Note 11.

ESTIMATED FAIR VALUE OF INVESTMENT IN PVO GROUP

The Group's investments include non-listed shares, holdings in PVO Group representing the largest of these. The Group's shareholding in the company is measured at fair value, based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price. Developments in the actual fair value may differ from the estimated value, due to factors such as electricity prices, the forecast period or the discount rate. More information on PVO Group's fair value determination is presented in Note 14.

DEFINED BENEFIT PENSION PLANS

Determining pension liabilities under defined benefit pension plans includes a number of actuarial assumptions, and significant changes in these assumptions may affect the amounts of pension liabilities and expenses. Actuarial calculations include assumptions by the management, such as the discount rate and assumptions of salary increases and the termination of employment contracts. See Note 23 for details on the calculation of the defined benefit pension assumptions.

PROVISIONS

Recognizing provisions requires the management's estimates, since the precise euro amount of obligations related to provisions is not known when preparing the Financial Statements.

DEFERRED TAXES

For the recognition of deferred tax assets on tax losses and other items, the management assesses the amount of a probable future taxable profit against which unused tax losses and unused tax credits can be utilized. Actual profits may differ from the forecasts and in such a case the change will affect the taxes in future periods.

2. SEGMENT INFORMATION

In 2013, the Group organized its business into four segments being Paper, Municipal & Industrial, Oil & Mining and ChemSolutions. In March 2014, Kemira closed the divestment of formic acid business which had formed the major part of ChemSolutions segment. After the closure, the remaining sodium percarbonate business in ChemSolutions segment was transferred to Paper segment and ChemSolutions segment was discontinued as of the beginning of Q2 2014. On April 2014, Kemira started its financial reporting according to the new organizational structure. Correspondingly comparative financials for 2013 have been reclassified to reflect the new organizational structure. Kemira's reportable segments are as follows:

PAPER

The Paper segment provides customers in the pulp and paper industry with products and product packages that improve their profitability, raw material and energy efficiency, and promote sustainable development.

OIL & MINING

The Oil & Mining segment offers a large selection of innovative chemical extraction and process solutions for the oil and mining industries in which water plays a central role. Utilizing its expertise, the segment enables its customers to improve their efficiency and productivity.

MUNICIPAL & INDUSTRIAL

The Municipal & Industrial segment offers water treatment chemicals for municipal and industrial water treatment. The strengths are high-level process know-how, comprehensive range of water treatment chemicals and reliable customer deliveries.

The segments 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 Public Affairs, Legal, and EHSQ) on a global basis. They oversee such policies and processes that 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 three business regions: Europe, Middle East and Africa (EMEA), the Americas and Asia Pacific (APAC). The region heads provide operational support and co-ordination within the region and steer all regional development projects.

Segment information is presented in a manner consistent with the Group's internal organizational and reporting structure. Segment information presented in revenue consists only of income from external customers. There is no intersegments sales. Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include property, plant and equipment, intangible assets, investments in associates, inventories and current non-interest bearing receivables. Segment liabilities include current non-interest bearing liabilities.

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2014	Paper	Oil & Mining	Municipal & Industrial	ChemSolutions	Group
Revenue	1,170.0	382.2	564.7	19.8	**2,136.7**
EBITDA	109.9	46.2	61.3	35.5	**252.9**
Operating profit	57.6	27.7	31.7	35.6	**152.6**
Finance costs, net					**-30.7**
Share of profit or loss of associates					**0.2**
Profit before tax					**122.1**
Income tax expense					**-26.3**
Net profit for the period					**95.8**
Depreciation and amortization	-52.3	-18.5	-29.6	0.1	**-100.3**
Impairment					**0.0**
Capital expenditure	83.0	26.3	35.2	0.6	**145.1**
OTHER SEGMENT INFORMATION					
Capital employed by segments (net)	927.3	254.3	309.1		**1,490.7**
Assets by segments	1,080.2	320.5	398.2		**1,798.9**
Investments in associates	0.5		0.4		**0.9**
Available-for-sale financial assets					**293.7**
Deferred income tax assets					**33.7**
Other investments					**9.2**
Defined benefit pension receivables					**7.5**
Other assets					**32.7**
Cash and cash equivalents					**119.1**
Total assets					**2,295.7**
Liabilities by segments	153.4	66.2	89.5		**309.1**
Interest-bearing non-current financial liabilities					**448.3**
Interest-bearing current financial liabilities					**156.9**
Other liabilities					**218.1**
Total liabilities					**1,132.4**

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

2013	Paper	Oil & Mining	Municipal & Industrial	ChemSolutions	Group
Revenue	1,112.8	311.5	659.4	145.4	2,229.1
EBITDA	98.4	24.6	-0.5	19.4	141.9
Operating profit	45.1	6.5	-23.4	14.4	42.6
Finance costs, net					-39.0
Share of profit or loss of associates					-1.1
Profit before tax					2.5
Income tax expense					-28.4
Net profit for the period					-25.9
Depreciation and amortization	-46.6	-15.3	-22.9	-4.8	-89.6
Impairment	-6.9	-2.8			-9.7
Capital expenditure	75.5	69.9	46.9	5.2	197.5
OTHER SEGMENT INFORMATION					
Capital employed by segments (net)	849.3	230.3	311.1		1,390.7
Assets by segments	990.3	272.4	415.5		1,678.2
Investments in associates	0.6		0.2		0.8
Available-for-sale financial assets					233.6
Deferred income tax assets					36.0
Other investments					9.2
Defined benefit pension receivables					29.8
Other assets					16.0
Cash and cash equivalents					102.0
Non-current assets classified as held-for-sale					105.4
Total assets					2,211.0
Liabilities by segments	141.6	42.1	104.6		288.3
Interest-bearing non-current financial liabilities					279.9
Interest-bearing current financial liabilities					278.4
Other liabilities					219.1
Liabilities directly associated with the assets classified as held-for-sale					19.8
Total liabilities					1,085.5

INFORMATION ABOUT GEOGRAPHICAL AREAS

Analysis of revenue by geographical area based on customer location

	2014	2013
Finland, domicile of the parent company	**317.9**	329.2
Other Europe, Middle East and Africa	**848.6**	941.9
Americas	**848.4**	828.0
Asia Pacific	**121.8**	130.0
Total	**2,136.7**	2,229.1

Analysis of non-current assets by geographical area

	2014	2013
Finland, domicile of the parent company	**694.4**	582.7
Other Europe, Middle East and Africa	**406.8**	435.2
Americas	**374.1**	337.4
Asia Pacific	**92.7**	76.3
Total	**1,568.0**	1,431.6

INFORMATION ABOUT MAJOR CUSTOMERS

The Group derives revenue from many significant customers. However, 10% or more of the Group's revenue is not derived from any single external customer in 2014 or 2013.

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3. OTHER OPERATING INCOME

	2014	2013
Gains on sale of non-current assets [1]	48.5	3.6
Rental income	1.3	3.3
Insurance compensation received	0.0	0.1
Consulting	0.9	0.5
Sale of scrap and waste	0.4	0.3
Income from royalties, know-how and licenses	0.2	0.6
Other income from operations	3.9	6.8
Total	55.2	15.2

1) In 2014, the gains on sale of non-current assets EUR 40.9 million includes formic acid business and the Danish distribution business. In 2013, the gains on sale of non-current assets EUR 3.6 million included gain on sale of property and production facilities.

4. OPERATING EXPENSES

	2014	2013
Change in inventories of finished goods (inventory increase +/decrease -)	11.7	-1.5
Own work capitalized 1)	-2.7	-2.1
Total	9.0	-3.6
Materials and services		
Materials and supplies		
Purchases during the financial year	1,322.4	1,432.1
Change in inventories of materials and supplies (inventory increase +/ decrease -)	15.7	-10.6
External services	21.0	21.5
Total	1,359.1	1,443.0
Employee benefit expenses	284.2	333.5
Other operating expenses		
Rents	35.1	37.8
Loss on sales of property, plant and equipment	2.7	46.0
Other expenses [2,3]	248.9	245.7
Total	286.7	329.5
Total operating expenses	1,939.0	2,102.4

1) Own work capitalized comprises mainly wages, salaries and other personnel expenses and changes in inventories relating to self-constructed property, plant and equipment for own use.
2) In 2014, other operating expenses include research and development expenses of EUR 28.0 million (32.1). Government grants received for R&D were EUR 2.1 million (3.5). The extent of grants received reduces research and development expenses.
3) In 2014, Kemira has signed an agreement with CDC Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together "CDC") to settle a lawsuit in Helsinki, Finland. The settlement concerns claims assigned to CDC based on which CDC claimed compensation for alleged damages relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994–2000. CDC has agreed to withdraw the damage claims and Kemira has paid to CDC a compensation of EUR 18.5 million and will compensate CDC for its legal costs.

	Note	2014	2013
EMPLOYEE BENEFIT EXPENSES			
Wages and salaries			
Wages		220.9	255.3
Emoluments of Kemira Oyj's CEO and the Board of Directors	32	1.2	1.3
Share-based payments	5	-0.3	0.6
Total		221.8	257.2
Indirect employee benefit expenses			
Pension expenses for defined benefit plans	23	-3.5	14.5
Pension expenses for defined contribution plans		15.2	21.9
Other employee benefit costs		50.7	39.9
Total		62.4	76.3
Total employee benefit expenses		284.2	333.5

	2014	2013
NUMBER OF PERSONNEL		
Average number of personnel by geographical area		
Europe, Middle East and Africa	2,463	2,625
Americas	1,474	1,668
Asia Pacific	348	339
Total	4,285	4,632
Personnel in Finland, average	823	1,027
Personnel outside Finland, average	3,462	3,605
Total	4,285	4,632
Number of personnel at 31 Dec	4,248	4,453
DELOITTE & TOUCHE OY'S FEES AND SERVICES		
Audit fees	1.4	1.3
Tax services	0.4	0.0
Other services [4,5]	2.2	1.1
Total	4.0	2.4

4) In 2014, other services include fees related mainly to the auditors reports and statements for formic acid business divestment and fees related to the AkzoNobel's global paper chemicals business acquisition.
5) In 2013, other services include fees mainly related to the 3F acquisition.

5. SHARE-BASED PAYMENTS

SHARE-BASED INCENTIVE PLAN FOR KEY EMPLOYEES

In 2013, the Kemira Board of Directors decided to establish a share-based incentive plan aimed at the key employees for the years 2013–2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to achieving the performance targets set by the Board of Directors. Payment is tied to achieving the return on capital employed percentage (ROCE-%).

The value of the aggregate reward paid out in the plan may not exceed 100% of the other participants' gross salary for the same period. If the performance targets are achieved entirely, the maximum gross earning during the three-year plan is expected to be approximately 600,000 Kemira shares. The applicable taxes will be deducted from the gross earning and the remaining net value is delivered to the participants in Kemira shares. The shares earned through the plan must be held for a minimum of two years following each payment.

The shares transferable under the plan comprise of Kemira Oyj's treasury shares or shares available for public trading.

For the share-based incentive plans 2013–2014 the vesting periods have ended and the financial targets were not achieved.

Share-based incentive plan 2010

Performance period	2010
Lock-up period of shares	2 years
Release date of shares	2013
Fair value of the reward paid as shares, EUR million	1.9
Fair value of the reward paid in cash, EUR million	2.6
Realization on closing date, shares (1,000)	221
Number of employees	64

SHARE-BASED INCENTIVE PLANS FOR MANAGEMENT BOARD MEMBERS

In 2012, the Kemira Board of Directors decided to establish a share-based incentive plan aimed at the management board members for the years 2012–2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to achieving the performance targets set by the Board of Directors, which include both internal and external performance targets. The internal target setting is divided into three one-year performance periods: 2012, 2013, and 2014. Payment depends on achieving the set intrinsic value targets calculated from the development of EBITDA and the development of the net debt. The program also includes a three-year external goal, which is tied to the relative total shareholder return (TSR) performance during 2012–2014.

The value of the aggregate reward paid out in the course of the three-year plan may not exceed 120% of the CEO's and 100% of the other participants' gross salary for the same period. If the performance targets are achieved entirely, the maximum gross earning during the three-year plan is expected to be approximately 900,000 Kemira shares. The applicable taxes will be deducted from the gross earning and the remaining net value is delivered to the participants in Kemira shares.

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

The shares transferable under the plan comprise of Kemira Oyj's treasury shares or shares available for public trading.

In addition to the share-based incentive plan aimed at the Management Board members, Kemira has a share-based incentive plan aimed at other key employees, in which members of the Management Board will not participate.

For the share-based incentive plans 2012–2014 the vesting periods have ended and the financial targets were not achieved.

Share-based incentive plan 2010

Performance period	2010
Lock-up period of shares	2 years
Release date of shares	2013
Fair value of the reward paid as shares, EUR million	0.9
Fair value of the reward paid in cash, EUR million	0.9
Realization on closing date, shares (1,000)	78
Number of persons	9

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The effect of share-based incentive plans on operating profit	Key employees	Management Board	2014 Total	2013 Total
Share component	0.0	-0.2	-0.2	0.2
Cash component	0.0	-0.1	-0.1	0.4
Total	0.0	-0.3	-0.3	0.6

A NEW SHARE-BASED INCENTIVE PLANS FOR MANAGEMENT BOARD MEMBERS AND KEY EMPLOYEES

In 2014, the Kemira Board of Directors decided to establish a new Performance Share Plan. The Performance Share Plan includes three performance periods, calendar years 2015, 2016 and 2017. The Board of Directors of Kemira will decide on the Plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The potential reward of the Plan from the performance period 2015 will be based on the Kemira Group's revenue and on the Group's operative EBITDA margin.

The potential reward from the performance period 2015 will be paid partly in Kemira's shares and partly in cash in 2016. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

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. 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.

The Performance Share Plan is directed to approximately 90 people. The rewards to be paid on the basis of the 2015 earning period of the Performance Share Plan correspond to the value of an approximate maximum total of 585,000 Kemira Oyj shares and additionally the cash proportion intended to cover taxes and tax-related costs.

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	2014	2013
Amortization of intangible assets		
Other tangible assets	12.4	9.4
Development costs	3.8	3.9
Total	16.2	13.3
Depreciation of property, plant and equipment		
Buildings and constructions	16.4	12.8
Machinery and equipment	64.5	61.0
Other tangible assets	3.2	2.6
Total	84.1	76.4
Impairment of property, plant and equipment		
Buildings and constructions	0.0	2.6
Machinery and equipment	0.0	6.8
Other tangible assets	0.0	0.2
Total	0.0	9.6
Total depreciation, amortization and impairment	100.3	99.3

In 2014, no impairments of PP&E and intangible assets.

In 2013, an impairment loss of EUR 9.6 million was recognized in relation to buildings and constructions, machinery and equipment and other tangible assets. These impairment losses were mainly related to the process chemicals plant in Vaasa, Finland.

Impairment tests for goodwill are disclosed in Note 11.

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7. FINANCE INCOME AND EXPENSES

	2014	2013
Finance income		
Dividend income	0.2	0.2
Interest income		
Interest income from loans and receivables	1.1	0.7
Interest income from financial assets at fair value through profit or loss	3.0	3.2
Other finance income	0.3	0.3
Total	4.6	4.4
Finance expenses		
Interest expenses		
Interest expenses from other liabilities [1]	-17.3	-11.3
Interest expenses from financial assets at fair value through profit or loss	-10.7	-6.6
Other finance expenses [2) 3)]	-6.0	-28.0
Total	-34.0	-45.9
Exchange gains and losses		
Exchange gains and losses from financial assets and liabilities at fair value through profit or loss	-37.0	11.7
Exchange gains and losses from loans and other receivables	-0.4	-2.2
Exchange gains and losses from other liabilities	36.1	-7.0
Total	-1.3	2.5
Total finance income and expenses	-30.7	-39.0
Net finance expenses as a percentage of revenue	1.4	1.7
Net interest as a percentage of revenue	1.1	0.6
Change in Consolidated Statement of Comprehensive Income from hedge accounting instruments		
Cash flow hedge accounting: Amount recognized in the Consolidated Statement of Comprehensive Income	3.4	-2.3
Total	3.4	-2.3
Exchange differences		
Realized	-11.2	7.2
Unrealized	9.9	-4.7
Total	-1.3	2.5

1) In 2014 includes delay interest costs from income taxes of EUR 3 million.
2) Includes ineffective portion of electricity hedge EUR -1.0 million (3.2).
3) In 2013 includes a non-recurring write-down of EUR 23 million related to the divestment of Kemira's share (39%) in the titanium dioxide associate Sachtleben.

8. INVESTMENTS IN ASSOCIATES

	2014	2013
Net book value at 1 Jan	0.8	122.8
Dividends received	-0.1	0.0
Decreases	0.0	-120.9
Share of profit (+)/loss (-)	0.2	-1.1
Net book value at 31 Dec	0.9	0.8

In 2013, Kemira Oyj and Rockwood Holdings Inc. signed an agreement according to which Rockwood buys Kemira's share (39%) of Sachtleben. The transaction price of the deal was EUR 97.5 million and impacted Kemira's cash flow positively in the first quarter of 2013. Kemira recognized a write-down of EUR 23 million related to the Sachtleben transaction.

GROUP HOLDING %

Name	2014	2013
FC Energia Oy (Finland, Ikaalinen)	34.0	34.0
FC Power Oy (Finland, Ikaalinen)	34.0	34.0
Haapaveden Ympäristöpalvelut Oy (Finland, Haapavesi)	40.5	40.5
Honkalahden Teollisuuslaituri Oy (Finland, Joutseno)	50.0	50.0

SUMMARY OF ASSETS, LIABILITIES, REVENUES AND THE RESULT OF ASSOCIATES FOR THE PERIOD (TOTAL AMOUNTS)

	2014	2013
Assets	22.4	23.1
Liabilities	20.5	21.4
Revenue	6.9	5.5
Profit (+)/loss (-) for the period	0.3	0.2

Related party transactions carried out with associates are disclosed in Note 32.

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9. INCOME TAXES

	2014	2013
Current taxes	**-29.5**	-25.4
Taxes for prior years	**-0.7**	-0.2
Change in deferred taxes	**3.9**	-2.8
Total	**-26.3**	-28.4

Total taxes decreased to EUR 26.3 million (28.4), mainly due to tax-exempt capital gains. Subsidiaries still have EUR 106.9 million (93.3) tax losses of which no deferred tax benefits have been recognized.

In addition, due to extensive international operations, the Group is involved in a number of pending corporate income tax and indirect tax proceedings.

RECONCILIATION BETWEEN TAX EXPENSE AND TAX CALCULATED AT DOMESTIC TAX RATE

	2014	2013
Profit before taxes	**122.1**	2.5
Tax at parent's tax rate 20% (24.5%)	**-24.4**	-0.6
Foreign subsidiaries' different tax rate	**-3.0**	-1.4
Non-deductible expenses and tax-exempt profits	**7.4**	-5.8
Share of profit or loss of associates	**0.0**	-0.3
Tax losses	**-4.6**	-16.3
Tax for prior years	**-0.7**	-0.2
Changes in deferred taxes related to prior years	**-1.0**	1.8
Change in Finnish tax rate	**0.0**	-5.6
Total taxes	**-26.3**	-28.4

THE TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2014			2013		
	Before tax	**Tax charge (-)/ credit (+)**	**After tax**	Before tax	Tax charge (-)/ credit (+)	After tax
Available-for-sale financial assets	**62.5**	**-12.5**	**50.0**	-41.1	14.1	-27.0
Exchange differences on translating foreign operations	**1.2**	**0.0**	**1.2**	-17.7	0.0	-17.7
Cash flow hedges	**4.3**	**-0.9**	**3.4**	-3.2	0.9	-2.3
Remeasurements on defined benefit pensions	**-32.6**	**6.0**	**-26.6**	29.8	-7.2	22.6
Other comprehensive income	**35.4**	**-7.4**	**28.0**	-32.2	7.8	-24.4

10. EARNINGS PER SHARE

	2014	2013
Earnings per share, basic		
Net profit attributable to equity owners of the parent	**89.9**	-31.6
Weighted average number of shares 1)	**152,048,098**	152,038,834
Basic earnings per share, EUR	**0.59**	-0.21
Earnings per share, diluted		
Net profit attributable to equity owners of the parent	**89.9**	-31.6
Weighted average number of shares 1)	**152,048,098**	152,038,834
Adjustments for:		
Treasury shares possibly subject to emission in share-based payments	**154,781**	140,033
Weighted average number of shares for diluted earnings per share	**152,202,879**	152,178,867
Diluted earnings per share, EUR	**0.59**	-0.21

1) Weighted average number of shares outstanding, excluding the number of treasury shares.

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11. GOODWILL

	Note	2014	2013
Net book value at 1 Jan		**471.9**	522.5
Acquisition of subsidiary	27	**-0.1**	32.5
Additions		**0.0**	1.5
Disposal of subsidiaries		**0.0**	-41.1
Transferred to non-current asset classified as held-for-sale	18	**0.0**	-35.8
Exchange differences		**13.8**	-7.7
Net book value at 31 Dec		**485.6**	471.9

In 2014, goodwill decreased by EUR 0.1 million which is related to the final adjustment of the purchase price of 3F Chimica S.p.A.

In 2013, goodwill increased by EUR 34.0 million, which was related to 3F Chimica S.p.A and Soto Industries Inc acquisitions. Goodwill decreased by EUR 41.1 million due to the sale of coagulant business to Bauminas Química Ltda. A further net book value of EUR 35.8 million transferred to assets held-for-sale relates to goodwill of ChemSolutions' formic acid business and Municipal & Industrial's distribution business in Denmark.

GOODWILL IMPAIRMENT TESTS

The Group performed its annual impairment test for goodwill on September 30. Impairment tests for goodwill are also carried out whenever changes in circumstances indicate that the carrying amount may not be recoverable. The estimated value in use by all segments exceeded their carrying values. As a result, no goodwill impairment was recognized in 2014 (2013: no impairment).

In March 2014, Kemira closed the divestment of formic acid business which had formed the major part of ChemSolutions segment. After the closure, the remaining sodium percarbonate business in ChemSolutions segment has been transferred to Paper segment and ChemSolutions segment was discontinued as of the beginning of Q2 2014.

In 2014, goodwill has been allocated to three individual cash-generating units. The reportable segment has been defined as a cash-generating unit. The reportable segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The Group's three reportable segments are Paper, Oil & Mining and Municipal & Industrial. A summary of the carrying amounts and goodwill to the Group's reportable segments is presented in the table below.

	Dec 31, 2014	
	Net book value	**of which goodwill**
Paper	**893**	**330**
Oil & Mining	**245**	**83**
Municipal & Industrial	**297**	**73**
Total	**1,435**	**486**

	Dec 31, 2013	
	Net book value	of which goodwill
Paper	827	322
Oil & Mining	225	82
Municipal & Industrial	303	68
Total	1,355	472

KEY ASSUMPTIONS FOR IMPAIRMENT TESTING OF GOODWILL

LONG-TERM GROWTH RATE

The long-term growth rate used is purely for the impairment testing of goodwill. The assumptions of the long-term growth rate were used based on the Group's financial forecasts prepared and approved by the management covering a five-year horizon. Forecasts for cash flow growth reflect the management's perception of developments in sales and cost items during the forecast period. The growth rate used to extrapolate cash flows subsequent to the five-year forecast period was assumed to be zero.

DISCOUNT RATE

The discount rates applied were based on the Group's adjusted weighted average cost of capital (WACC) before taxes. The risk-adjusted WACC rate was defined separately for each cash-generating unit. The discount rates used in performing the impairment tests of the Group's reportable segments are presented in the table below.

%	2014	2013
Paper	**6.3**	7.5
Oil & Mining	**7.3**	7.7
Municipal & Industrial	**5.6**	6.9

SENSITIVITY ANALYSIS

The sensitivity analyses were made under the assumption that there would be a decline in the growth rate of cash flows during and after the forecast period. A general increase in interest rates has also been taken into consideration as well as a decrease in profitability. A decrease of 10% in the estimated cash flow or an increase of 2 percentage points in the discount rate would not result in any impairment losses to be recorded on the reportable segment level.

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12. OTHER INTANGIBLE ASSETS

2014	Internal generated development costs	Other intangible assets	Prepayments	Total
Acquisition cost at 1 Jan	47.2	166.1	8.9	**222.2**
Additions		11.7	4.3	**16.0**
Decreases and other changes		7.0		**7.0**
Exchange rate differences		1.1	0.3	**1.4**
Acquisition cost at 31 Dec	47.2	185.9	13.5	**246.6**
Accumulated amortization at 1 Jan	-37.9	-109.0		**-146.9**
Accumulated amortization relating to decreases and transfers		-6.9		**-6.9**
Amortization during the financial year	-3.8	-12.4		**-16.2**
Exchange rate differences		-0.3		**-0.3**
Accumulated amortization at 31 Dec	-41.7	-128.6		**-170.3**
Net book value at 31 Dec	**5.5**	**57.3**	**13.5**	**76.3**

2013	Internal generated development costs	Other intangible assets	Prepayments	Total
Acquisition cost at 1 Jan	47.2	154.7	4.5	206.4
Acquisition of subsidiaries		20.8		20.8
Additions		3.9	4.5	8.4
Disposal of subsidiaries		-0.1		-0.1
Decreases and other changes		-0.1		-0.1
Transferred to non-current assets classified as held-for-sale [1)]		-12.0		-12.0
Reclassifications			-0.2	-0.2
Exchange rate differences		-1.1	0.1	-1.0
Acquisition cost at 31 Dec	47.2	166.1	8.9	222.2
Accumulated amortization at 1 Jan	-34.0	-111.9		-145.9
Accumulated amortization relating to decreases and transfers		0.2		0.2
Amortization during the financial year	-3.9	-9.4		-13.3
Transferred to non-current assets classified as held-for-sale [1)]		11.2		11.2
Exchange rate differences		0.9		0.9
Accumulated amortization at 31 Dec	-37.9	-109.0		-146.9
Net book value at 31 Dec	9.3	57.1	8.9	75.3

1) In 2013, other intangible assets amounting EUR 0.8 million were transferred to non-current assets classified as held-for-sale. These assets were used by the formic acid business within the ChemSolutions segment. See Note 18 for further details regarding the held-for-sale.

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13. PROPERTY, PLANT AND EQUIPMENT

2014	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction [1]	Total
Acquisition cost at 1 Jan	54.5	374.2	1,086.0	34.5	140.4	**1,689.6**
Additions	0.8	7.8	82.7	4.3	28.9	**124.5**
Decreases	-4.2	-15.1	-13.6	-1.0		**-33.9**
Other changes		-0.4	-1.0	-0.3	-0.4	**-2.1**
Reclassifications		54.7	41.5	13.8	-110.0	**0.0**
Exchange rate differences	-0.1	3.7	25.6	1.8	6.7	**37.7**
Acquisition cost at 31 Dec	51.0	424.9	1,221.2	53.1	65.6	**1,815.8**
Accumulated depreciation at 1 Jan	-8.5	-234.6	-783.5	-18.5		**-1,045.1**
Accumulated depreciation related to decreases and transfers	-0.3	14.6	14.2	0.9		**29.4**
Depreciation during the financial year		-16.4	-64.5	-3.2		**-84.1**
Other changes			0.1			**0.1**
Exchange rate differences		1.6	-10.4	-1.1		**-4.2**
Accumulated depreciation at 31 Dec	-8.8	-234.8	-844.1	-21.9		**-1,109.6**
Net book value at 31 Dec	**42.2**	**190.1**	**377.1**	**31.2**	**65.6**	**706.2**

1) Prepayment and non-current assets under construction mainly comprises of plant investments.

2013	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction [3]	Total
Acquisition cost at 1 Jan	50.6	392.7	1,136.5	32.9	111.0	1,723.7
Acquired subsidiaries	5.1	10.7	14.2	0.2	0.1	30.3
Additions	0.3	4.8	55.1	3.9	52.2	116.3
Disposal of subsidiaries	-0.6	-3.0	-8.5	-4.0	-4.9	-21.0
Decreases		-2.0	-4.4	-0.7	-1.5	-8.6
Transferred to non-current assets classified as held-for-sale [2]	-0.1	-13.4	-86.6	-2.4	-3.5	-106.0
Other changes			0.3	0.1	-0.1	0.3
Reclassifications	0.5	-4.6	8.2	5.0	-8.8	0.3
Exchange rate differences	-1.3	-11.0	-28.8	-0.5	-4.1	-45.7
Acquisition cost at 31 Dec	54.5	374.2	1,086.0	34.5	140.4	1,689.6
Accumulated depreciation at 1 Jan	-8.5	-235.0	-805.6	-18.7		-1,067.8
Accumulated depreciation related to decreases and transfers		1.5	4.8	0.5		6.8
Disposal of subsidiaries		0.8	2.2	0.1		3.1
Depreciation during the financial year		-12.8	-61.0	-2.6		-76.4
Impairments		-2.6	-6.8	-0.2		-9.6
Transferred to non-current assets classified as held-for-sale [2]		7.3	63.5	1.3		72.1
Other changes			0.1			0.1
Exchange rate differences		6.2	19.3	1.1		26.6
Accumulated depreciation at 31 Dec	-8.5	-234.6	-783.5	-18.5		-1,045.1
Net book value at 31 Dec	46.0	139.6	302.5	16.0	140.4	644.5

2) In 2013, property, plant and equipment amounting EUR 33.9 million were transferred to non-current assets classified as held-for-sale. These assets were used by the formic acid business within the ChemSolutions segment and the distribution business in Denmark. See Note 18 for further details regarding the held-for-sale.
3) Prepayment and non-current assets under construction mainly comprises of plant investments in China and Europe.

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FINANCE LEASE ASSETS

Property, plant and equipment where the Group is a lessee under a finance lease includes the following amounts:

	2014	2013
Cost – capitalized finance leases	6.0	6.2
Accumulated depreciation	-1.8	-1.7
Net book value at 31 Dec	4.2	4.5

The Group leases buildings and constructions, machinery and equipment and other property, plant and equipment under finance lease agreements.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014	2013
Net book value at 1 Jan	233.6	264.0
Additions	4.4	4.1
Decreases	-6.8	-2.5
Change in fair value	62.5	-41.1
Reclassification	0.0	9.1
Net book value at 31 Dec	293.7	233.6

The available-for-sale financial assets include the shares in Pohjolan Voima Group; their valuation principles are described in more detail in Kemira Group's accounting policies. Kemira Oyj owns 4% of Pohjolan Voima Oy and 1% of Teollisuuden Voima Oyj. The fair value of the shares is based on the discounted cash flow resulting from the difference between the market price and the production cost of electricity. The discount rate used to calculate the net present value at the year-end is an annually defined weighted average cost of capital. The discount rate in 2014 was 4% (5%). A 10% decrease in the electricity market future price would decrease the fair value of shares by approximately 16%. An increase of 1 percentage point in the discount rate would decrease the fair value by approximately 14%.

The shares of Pohjolan Voima Group	Class of shares	Holding %	Class of assets	2014 Fair value	2013 Fair value
Pohjolan Voima Oy	A	5	hydro power	79.3	26.3
Pohjolan Voima Oy	B	3	nuclear power	83.6	45.2
Pohjolan Voima Oy	B2	7	nuclear power	13.9	81.2
Teollisuuden Voima Oyj	A	2	nuclear power	91.2	48.6
Other Pohjolan Voima Oy and Teollisuuden Voima Oyj	C, C2, G5, G6, H, M	several	several	24.1	24.4
Total				292.1	225.7

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15. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

2014	Note	Financial instruments under hedge accounting	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss (fair value hedging)	Loans and receivables	Available-for-sale investments	Other liabilities	Total carrying amounts by balance sheet item	Total fair value
Non-current financial assets									
Investments									
Available-for-sale financial assets 1)	14					293.7		**293.7**	**293.7**
Current financial assets									
Receivables 2)	17								
Interest-bearing receivables					0.1			**0.1**	**0.1**
Non-interest bearing receivables									
Trade receivables					265.3			**265.3**	**265.3**
Other receivables 3) 4)			2.9	3.0	0.8			**6.7**	**6.7**
Total			2.9	3.0	266.2	293.7		**565.8**	**565.8**
Non-current financial liabilities									
Interest-bearing liabilities	20								
Loans from financial institutions							241.6	**241.6**	**248.8**
Bond 5)							202.1	**202.1**	**208.2**
Other liabilities							4.6	**4.6**	**4.7**
Other liabilities							21.4	**21.4**	**21.4**
Current financial liabilities									
Interest-bearing liabilities	20								
Loans from financial institutions							85.5	**85.5**	**88.1**
Other liabilities							71.4	**71.4**	**73.2**
Non-interest bearing current liabilities	25								
Trade payables							135.2	**135.2**	**135.2**
Other liabilities 3)		8.4	1.4				29.8	**39.6**	**40.5**
Total		8.4	1.4				791.6	**801.4**	**820.1**

1) The available-for-sale financial assets include shares of the Pohjolan Voima Group.
2) The carrying amount represents the maximum credit risk.
3) Other receivables and liabilities are financial assets at fair value through profit and loss or financial instruments under hedge accounting.
4) Other receivables include electricity derivative transactions related to collateral of EUR 0.8 million paid to counterparties.
5) Includes hedge accounting adjustment of EUR 2.1 million.

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2013	Note	Financial instruments under hedge accounting	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss (fair value hedging)	Loans and receivables	Available-for-sale investments	Other liabilities	Total carrying amounts by balance sheet item	Total fair value
Non-current financial assets									
Investments									
Available-for-sale financial assets [1]	14		6.6			227.0		233.6	233.6
Current financial assets									
Receivables [2]	17								
Interest-bearing receivables					0.5			0.5	0.5
Non-interest bearing receivables									
Trade receivables					255.0			255.0	255.0
Other receivables [3]			4.2					4.2	4.2
Total			10.8		255.5	227.0		493.3	493.3
Non-current financial liabilities									
Interest-bearing liabilities	20								
Loans from financial institutions							270.0	270.0	274.1
Other liabilities							9.9	9.9	10.0
Other liabilities							21.4	21.4	21.4
Current financial liabilities									
Interest-bearing liabilities	20								
Loans from financial institutions							58.3	58.3	59.2
Other liabilities							220.1	220.1	221.0
Non-interest bearing liabilities	25								
Trade payables							143.3	143.3	143.3
Other liabilities [3]		11.4	3.3					14.7	14.7
Total		11.4	3.3				723.0	737.7	743.7

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FAIR VALUE OF FINANCIAL ASSETS

FAIR VALUE HIERARCHY	2014 Level 1	Level 2	Level 3	Total net	2013 Level 1	Level 2	Level 3	Total net
Available-for-sale financial assets	-	-	293.7	**293.7**	6.6	-	227.0	233.6
Currency investments	-	2.9	-	**2.9**	-	4.0	-	4.0
Interest rate instruments, hedge accounting	-	3.0	-	**3.0**	-	-	-	0.0
Other instruments	-	-	-	**0.0**	-	0.2	-	0.2
Trade receivables	-	265.3	-	**265.3**	-	255.4	-	255.4
Total	-	**271.2**	**293.7**	**564.9**	6.6	259.6	227.0	493.2

Level 1: Fair value is determined based on quoted market prices.

Level 2: Fair value is determined by using valuation techniques. The fair value refers to the value that is observable from the market value of elements of the financial instrument or from the market value of corresponding financial instrument; or the value that is observable by using commonly accepted valuation models and techniques, if the market value can be measured reliably with them.

Level 3: Fair value is determined by using valuation techniques, which use inputs that have a significant effect on the recorded fair value, and inputs are not based on observable market data.

LEVEL 3 SPECIFICATION	Level 3 Total net 2014	Level 3 Total net 2013
Instrument		
Net book value at 1 Jan	**227.0**	264.0
Effect on the Statement of Comprehensive Income	**62.5**	-41.1
Increases	**4.4**	4.1
Decreases	**-0.2**	0.0
Net book value at 31 Dec	**293.7**	227.0

FAIR VALUE OF FINANCIAL LIABILITIES

FAIR VALUE HIERARCHY	2014 Level 1	Level 2	Level 3	Total net	2013 Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	-	461.7	-	**461.7**	-	284.1	-	284.1
Repayments from non-current interest-bearing liabilities	-	88.1	-	**88.1**	-	59.2	-	59.2
Loans from financial institutions	-	63.2	-	**63.2**	-	57.2	-	57.2
Other liabilities	-	41.0	-	**41.0**	-	185.2	-	185.2
Currency instruments	-	1.4	-	**1.4**	-	3.3	-	3.3
Interest rate instruments	-	2.5	-	**2.5**	-	3.6	-	3.6
Other instruments	-	5.9	-	**5.9**	-	7.8	-	7.8
Trade payables	-	135.2	-	**135.2**	-	143.3	-	143.3
Total	-	**799.0**	-	**799.0**	-	743.7	-	743.7

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16. INVENTORIES

	2014	2013
Materials and supplies	67.6	52.6
Finished goods	120.3	108.6
Prepayments	9.4	8.7
Total	197.3	169.9

In 2014, EUR 1.6 million (2.6) of inventory value was recognized as expense in order to decrease the book values of inventories to correspond with their net realizable value.

17. RECEIVABLES

	Note	2014	2013
Interest-bearing receivables			
Loan receivables		0.1	0.5
Trade and other receivables			
Trade receivables	29	265.3	255.0
Prepayments		4.4	4.3
Prepaid expenses and accrued income		34.1	30.0
Other receivables		39.9	31.6
Total		343.7	320.9

In 2014, items that are due in a time period longer than one year include trade receivables of EUR 0.9 million (0.3), prepaid expenses and accrued income of EUR 0.5 million (2.0) and non-interest bearing receivables of EUR 10.1 million (0.6).

18. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

ASSETS CLASSIFIED AS HELD-FOR-SALE

	2014	2013
Goodwill	-	35.8
Intangible assets	-	0.8
Property, plant and equipment	-	33.9
Inventories	-	15.3
Other current assets	-	19.6
Total	-	105.4

LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD-FOR-SALE

	2014	2013
Trade payables	-	12.3
Other current liabilities	-	7.5
Total	-	19.8

The assets and liabilities related to sale of formic acid business to Taminco (Allentown, Pennsylvania, USA) and hydrochloric acid, sulfuric acid and sodium hydroxide (caustic soda) in Denmark to Brenntag Group, have been presented as held-for-sale in the Financial Statements 2013.

Kemira signed an agreement on December 23, 2013 to sell its formic acid business, including the feed and airport runway deicing product lines. The transaction included a manufacturing asset for formic acid in Oulu, Finland, and approximately 160 employees, that were transferred to Taminco. The transaction was completed during the first quarter of 2014. The agreed transaction price was EUR 140 million which was paid fully at closing. Sodium percarbonate, the remaining business within the ChemSolutions segment, is staying within Kemira and is reported in the Paper segment.

Kemira sold its distribution business in Denmark and certain assets in Copenhagen. The distribution business was part of Kemira's Municipal & Industrial segment. The transaction was completed during the first quarter of 2014.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

19. SHAREHOLDERS' EQUITY

SHARE CAPITAL

	Number of shares outstand-ing (1,000)	Share capital
January 1, 2013	152,041	221.8
Treasury shares issued to the Board of Directors	8	
Shares from the share-based arrangement returned	-7	
December 31, 2013	152,042	221.8

	Number of shares outstand-ing (1,000)	Share capital
January 1, 2014	**152,042**	**221.8**
Treasury shares issued to the Board of Directors	**9**	
December 31, 2014	**152,051**	**221.8**

Kemira Oyj has one class of shares. Each share entitles its holder to one vote at the Annual General Meeting. On December 31, 2014, the share capital was EUR 221.8 million and the total number of shares issued was 155,342,557 including 3,291,185 treasury shares. Under the Articles of Association of Kemira Oyj, the company does not have a minimum or maximum share capital or a par value for a share. All issued shares have been fully paid.

SHARE PREMIUM

The share premium is a reserve accumulated through subscriptions entitled by the management stock option program of 2001. This reserve is based on the old Finnish Companies Act (734/1978), which will not change anymore.

FAIR VALUE RESERVES

The fair value reserve is a reserve accumulated based on available-for-sale financial assets (shares) measured at fair value and hedge accounting.

OTHER RESERVES

Other reserves originate from local requirements of subsidiaries. On December 31, 2014, other reserves were EUR 3.7 million (3.7).

UNRESTRICTED EQUITY RESERVE

The unrestricted equity reserve includes other equity type investments and the subscription price of shares to the extent that they will not, based on the specific decision, be recognized in share capital.

EXCHANGE DIFFERENCES

The foreign currency translation differences arise from the translation of foreign subsidiaries' financial statements. Also, the gains and losses arising from net investment hedges in foreign subsidiaries are included in foreign currency translation differences, provided that hedge accounting requirements are fulfilled.

TREASURY SHARES

Kemira had 3,291,185 of its treasury shares in possession on December 31, 2014. The average share price of treasury shares was EUR 6.73, and they represented 2.1% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 4.7 million.

NON-CONTROLLING INTEREST

	2014	2013
Net book value at 1 Jan	**13.0**	13.2
Dividends	**-5.4**	-4.5
Decreases	**-0.5**	-0.8
Share of the profit for the period	**5.9**	5.7
Exchange rate differences	**-0.4**	-0.6
Net book value at 31 Dec	**12.6**	13.0

Name	Kemira Group's Holding %
Aliada Quimica de Portugal Lda. (Portugal, Estarreja)	50.10
Kemifloc a.s. (Czech Republic, Přerov)	51.00
Kemifloc Slovakia S.r.o. (Slovakia, Prešov)	51.00
Kemipol Sp. z o.o. (Poland, Police)	51.00
Kemira Cell Sp. z.o.o. (Poland, Ostroleka)	55.00
Kemira Chemicals India Private Limited (India, Hyderabad)	99.99
Kemwater ProChemie s.r.o. (Czech Republic, Kosmonosy)	95.10

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OTHER COMPREHENSIVE INCOME IN THE STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013	Fair value and other reserves	Exchange differences	Retained earnings	Total	Non-controlling interests	Total equity
Net profit for the period			-31.6	-31.6	5.7	-25.9
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets	-27.0			-27.0		-27.0
Exchange differences on translating foreign operations		-17.1		-17.1	-0.6	-17.7
Cash flow hedges	-2.3			-2.3		-2.3
Items that will not be reclassified subsequently to profit or loss:						
Remeasurements on defined benefit pensions			22.6	22.6		22.6
Other comprehensive income for the period, net of tax	-29.3	-17.1	22.6	-23.8	-0.6	-24.4
Total comprehensive income for the period	-29.3	-17.1	-9.0	-55.4	5.1	-50.3

Year ended 31 December 2014	Fair value and other reserves	Exchange differences	Retained earnings	Total	Non-controlling interests	Total equity
Net profit for the period			89.9	**89.9**	5.9	**95.8**
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets	50.0			**50.0**		**50.0**
Exchange differences on translating foreign operations		1.6		**1.6**	-0.4	**1.2**
Cash flow hedges	3.4			**3.4**		**3.4**
Items that will not be reclassified subsequently to profit or loss:						
Remeasurements on defined benefit pensions			-26.6	**-26.6**		**-26.6**
Other comprehensive income for the period, net of tax	53.4	1.6	-26.6	**28.4**	-0.4	**28.0**
Total comprehensive income for the period	**53.4**	**1.6**	**63.3**	**118.3**	**5.5**	**123.8**

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

20. INTEREST-BEARING LIABILITIES

	2014	2013
Interest-bearing current liabilities		
Loans from financial institutions	85.5	58.3
Finance lease liabilities	0.8	0.9
Other current liabilities	70.6	219.2
Total	156.9	278.4
Interest-bearing non-current liabilities		
Loans from financial institutions	241.6	270.0
Bond	202.1	-
Finance lease liabilities	1.4	1.8
Other non-current liabilities	3.2	8.1
Total	448.3	279.9
Non-current interest-bearing liabilities maturing in		
2016 (2015)	36.9	93.5
2017 (2016)	60.8	34.3
2018 (2017)	75.8	60.3
2019 (2018)	209.9	67.9
2020 (2019) or later	64.9	23.9
Total	448.3	279.9
Interest-bearing liabilities maturing in five years or over a longer period of time		
Loans from financial institutions	64.9	23.2
Total	64.9	23.2

The foreign currency breakdown of non-current loans is disclosed in Note 29 Management of financial risks.

The Group's liabilities include neither debentures nor convertible bonds.

Net liabilities	2014	2013
Interest-bearing non-current liabilities	448.3	279.9
Interest-bearing current liabilities	156.9	278.4
Cash and cash equivalents	-119.1	-102.0
Total	486.1	456.3

21. FINANCE LEASE LIABILITIES

	2014	2013
Maturity of minimum lease payments		
No later than 1 year	0.9	1.0
1–5 years	0.8	1.2
Later than 5 years	0.7	0.8
Total minimum lease payments	2.4	3.0
Present value of finance lease liabilities		
Total minimum lease payments	2.4	3.0
Future finance charges on finance leases	-0.2	-0.3
Present value of finance lease liabilities	2.2	2.7
Maturity of the present value of finance lease liabilities		
No later than 1 year	0.8	0.9
1–5 years	0.8	1.1
Later than 5 years	0.6	0.7
Total present value of finance lease liabilities	2.2	2.7

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22. DEFERRED TAX LIABILITIES AND ASSETS

	Jan 1, 2014	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Disposed subsidiaries	Exchange differences and reclassifications	Dec 31, 2014
Deferred tax liabilities							
Depreciation difference and untaxed reserves	50.7	0.5				4.0	**55.2**
Available-for-sale financial assets	17.4	0.0	12.5			-0.1	**29.8**
Defined benefit pensions	7.2	0.7	-5.4			0.1	**2.6**
Fair value adjustments of net assets acquired [1]	8.8	-1.0			-0.3	0.1	**7.6**
Other	5.7	-3.2	0.2				**2.7**
Total	89.8	-3.0	7.3	0.0	-0.3	4.1	**97.9**
Deferred tax assets deducted	-46.3						**-51.5**
Total deferred tax liabilities in the balance sheet	43.5						**46.4**
Deferred tax assets							
Provisions	6.9	-1.9				-0.1	**4.9**
Tax losses	46.2	7.9				2.6	**56.7**
Defined benefit pensions	3.8	-0.5	0.3			0.6	**4.2**
Other	25.4	-4.6	-0.4		-0.2	-0.8	**19.4**
Total	82.3	0.9	-0.1	0.0	-0.2	2.3	**85.2**
Deferred tax liabilities deducted	-46.3						**-51.5**
Total deferred tax assets in the balance sheet	36.0						**33.7**

	Jan 1, 2013	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired subsidiaries	Exchange differences and reclassifications	Dec 31, 2013
Deferred tax liabilities							
Depreciation difference and untaxed reserves	49.6	3.1				-2.0	50.7
Available-for-sale financial assets	31.5	0.0	-14.0			-0.1	17.4
Defined benefit pensions	5.9	-2.7	5.1			-1.1	7.2
Fair value adjustments of net assets acquired [1]	3.5	-0.7			6.6	-0.6	8.8
Other	3.4	0.6	0.7			1.0	5.7
Total	93.9	0.3	-8.2	0.0	6.6	-2.8	89.8
Deferred tax assets deducted	-54.8						-46.3
Total deferred tax liabilities in the balance sheet	39.1						43.5
Deferred tax assets							
Provisions	5.4	2.9				-1.4	6.9
Tax losses	44.1	3.3				-1.2	46.2
Defined benefit pensions	3.2	-0.7				1.3	3.8
Other	32.2	-8.0	1.1			0.1	25.4
Total	84.9	-2.5	1.1	0.0	0.0	-1.2	82.3
Deferred tax liabilities deducted	-54.8						-46.3
Total deferred tax assets in the balance sheet	30.1						36.0

1) The identifiable assets acquired and liabilities assumed in a business combination are recognized at their fair values. The resulting deferred taxes affect goodwill.

The Finnish corporate tax rate change from 24.5% to 20% was enacted on December 17, 2013, and became effective on January 1, 2014. Deferred tax balances have been remeasured at 20% tax rate in the Financial Statements 2013 and 2014.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

23. DEFINED BENEFIT PENSION PLANS

The Group's main defined benefit plans are in Finland, Sweden, Germany, UK, France, Norway and Canada. The defined benefit pension plan previously in force in the Netherlands was changed to a defined contribution plan in 2014.

FINLAND

The Group's most significant defined benefit plan is in Finland through the Pension Fund Neliapila that takes care of part of some employees supplementary pension benefits. The Pension Fund Neliapila covers employees, whose employment has begun prior to 1.1.1991 in Kemira, meaning that the fund is closed for new employees. The plan is a final average pay pension plan concerning supplementary pension benefits. Pension Fund Neliapila's obligations are total EUR 284.5 million (262.9) and the plan assets EUR 289.8 million (290.2).

The Pension Fund Neliapila's supplementary benefit is old age pensions, disability pensions, survivors' pensions and funeral grants. The aggregated pension benefit is 66% of pension salary. To qualify a full pension the employee must have a pensionable service of 25 years. The supplementary pension benefits is the difference between aggregated and compulsory pension benefits. Old-age pension age is 65 years, but the employee is entitled to a pension benefit equivalent to pensionable service when the employee's age is 60 years. Old-age pension is paid in full form of supplementary pension until the age of 63 and since then the statutory pensions reduce the supplementary pension.

SWEDEN

The significant defined benefit pension plan is the ITP 2-plan for white-collar employees. To qualify for a full pension the employee must have a projected period of pensionable service, from the date of entry until retirement age, of at least 30 years. The pension arrangements comprise normal retirement pension, complementary retirement pensions and survivors' pension. In additional, Kemira must have a credit insurance from PRI Pensionsgaranti Mutual Insurance Company for the ITP 2 -plan pension liability. Swedish defined benefit obligations total EUR 46.8 million (44.6).

AMOUNTS RECOGNIZED IN THE BALANCE SHEET – DEFINED BENEFIT PLANS

	2014	2013
Defined benefit obligations	375.2	423.8
Fair value of plan assets	-309.6	-379.8
Net recognized assets (-)/liabilities (+) in the balance sheet	**65.6**	44.0
Liabilities for defined benefit plans	73.1	73.8
Assets for defined benefit plans	-7.5	-29.8
Net recognized assets (-)/liabilities (+) of defined benefit plans in the balance sheet	**65.6**	44.0

AMOUNTS RECOGNIZED IN THE COMPREHENSIVE INCOME – DEFINED BENEFIT PLANS

	2014	2013
Service cost	-5.0	12.4
Net interest cost	1.5	2.1
Components of defined benefit costs recorded in the income statement 1)	**-3.5**	14.5
Remeasurements on defined benefit pensions 2) 3)	26.6	-22.6
Defined benefit costs recognized in the other comprehensive income	**26.6**	-22.6
Total of components of defined benefit plans	**23.1**	-8.1

1) The service cost and the net interest cost for the period is included in the employee benefits expenses in the Consolidated Income Statement.
2) The remeasurements of defined benefit pension plans are included in the Statement of Comprehensive Income as part of other comprehensive income. The item has been disclosed net of tax and the related income tax is disclosed in Note 9.
3) In 2014, the change in actuarial gains/losses are mainly due to changes in economic assumptions in determining the actuarial items.

THE MOVEMENT IN THE DEFINED BENEFIT OBLIGATION OVER THE PERIOD

	2014	2013
Defined benefit obligation at 1 Jan	423.8	454.5
Current service cost	2.6	5.7
Interest cost	10.8	13.6
Actuarial losses (+)/gains (-) on obligation	45.3	-9.9
Exchange differences on foreign plans	-2.3	-3.6
Effect of business combinations and divestments	-7.8	-18.3
Benefits paid	-20.3	-24.9
Curtailments and settlements	-77.0	6.1
Past service cost	0.0	0.9
Other movements	0.1	-0.3
Defined benefit obligation at 31 Dec	**375.2**	423.8

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MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS OVER THE PERIOD

	2014	2013
Fair value at 1 Jan	**379.8**	392.2
Interest income	**9.3**	11.5
Contributions	**1.3**	5.0
Actuarial losses (-)/gains (+) on plan assets	**13.7**	8.0
Exchange differences on foreign plans	**0.4**	-1.7
Effect of business combinations and divestments	**-6.3**	-12.6
Benefits paid	**-17.8**	-22.7
Settlements	**-70.7**	0.0
Other movements	**-0.1**	0.1
Fair value of plan assets at 31 Dec	**309.6**	379.8

ANALYSIS OF PLAN ASSETS BY ASSET CATEGORY

	2014	2013
Shares	**129.9**	129.9
Mutual funds, interest rate investments and other assets	**163.1**	234.5
Kemira Oyj's shares	**1.1**	1.4
Property occupied by the Group	**15.5**	14.0
Total assets	**309.6**	379.8

The Finnish Pension Fund Neliapila, which has the most of the defined plan's assets, hold a significant proportion of equities and high-yield corporate bonds which are expected to outperform corporate bonds in the long-term while causing volatility and risk in the short term. In Pension Fund Neliapila, the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to combine long-term investments in line with the obligations under the pension scheme.

In Pension Fund Neliapila, a significant investment risk can be considered as market risk. Financial market cyclical fluctuations due to market risk are managed by ensuring that the investment position is sufficiently diversified.

The actual return on plan assets of the Group's defined benefit plan was EUR 23.0 million (19.5).

SIGNIFICANT ACTUARIAL ASSUMPTIONS, %

	2014	2013
Discount rate	**1.5–4.0**	3.0–4.8
Inflation rate	**1.5–3.0**	1.0–3.3
Future salary increases	**2.0–3.3**	1.0–3.5
Future pension increases	**1.8–3.3**	1.0–3.3

SENSITIVITY ANALYSES

If the discount rate would be 0.5% lower, the defined benefit obligation would increase by EUR 41.5 million in case all other assumptions were held constant.

The sensitivity analysis is based on maintaining other assumptions stagnant even through one assumption changes. In practice, this is unlikely to occur and changes in some of the assumptions may correlate. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognized within the balance sheet.

Expected contributions to the defined benefit plans for the year ended December 31, 2015, are EUR 3.5 million.

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24. PROVISIONS

	Personnel related provisions	Restructuring provisions	Environmental and damage provisions	Other provisions	Total
Non-current provisions					
At January 1, 2014	4.3	1.6	20.4	1.0	**27.3**
Exchange rate differences			-0.2		**-0.2**
Additional provisions and increases in existing provisions	1.1	0.7	0.6		**2.4**
Used during the financial year	-0.1	-1.1	-3.2		**-4.4**
Unused amounts reversed		-0.1			**-0.1**
Reclassification			-1.4		**-1.4**
At December 31, 2014	**5.3**	**1.1**	**16.2**	**1.0**	**23.6**
Current provisions					
At January 1, 2014	10.9	11.9	1.8	0.6	**25.2**
Exchange rate differences	-0.1			-0.1	**-0.2**
Additional provisions and increases in existing provisions	3.8	0.8	8.5		**13.1**
Used during the financial year	-8.3	-9.0	-2.0		**-19.3**
Unused amounts reversed	-3.2		-1.5	-0.3	**-5.0**
Reclassification		0.7	2.6		**3.3**
At December 31, 2014	**3.1**	**4.4**	**9.4**	**0.2**	**17.1**

	2014	2013
Analysis of total provisions		
Non-current provisions	**23.6**	27.3
Current provisions	**17.1**	25.2
Total	**40.7**	52.5

In 2014, increase in provisions related mainly to the plant closures and environmental clean-up work in those plants. More information on environmental risks and liabilities can be found in Note 31.

In 2013, increase in provisions related mainly to the paper chemicals plant closure in Vaasa, Finland and the business service center established in Gdansk, Poland during 2013–2014.

25. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2014	2013
Trade payables and other liabilities		
Prepayments received	**3.4**	1.7
Trade payables	**135.2**	143.3
Accrued expenses	**159.9**	129.5
Other non-interest bearing current liabilities	**29.2**	28.1
Total	**327.7**	302.6
Accrued expenses		
Employee benefits	**41.1**	36.3
Items related to revenues and purchases	**70.4**	58.6
Interest	**11.2**	2.2
Exchange rate differences	**1.5**	3.6
Other	**35.7**	28.8
Total	**159.9**	129.5

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26. CASH FLOW FROM DISPOSALS OF SUBSIDIARIES

	2014	2013
Disposal of subsidiaries		
Proceeds from the disposals	**132.0**	89.2
Cash and cash equivalents in disposed companies	**-2.0**	-1.7
Total cash flow on disposals of subsidiaries	**130.0**	87.5
Assets and liabilities disposed of subsidiaries		
Net working capital	**8.8**	7.4
Property, plant and equipment and intangible assets	**-0.1**	133.7
Other non-interest bearing receivables	**0.2**	0.8
Non-controlling interests	**-0.6**	-
Interest-bearing liabilities	**-3.8**	-0.8
Non-interest bearing liabilities	**-2.0**	-7.3
Total assets and liabilities of disposed subsidiaries	**2.5**	133.8

27. BUSINESS COMBINATIONS

2013:

On 1 July 2013, Kemira announced that it had acquired 3F Chimica S.p.A., a privately owned company, headquartered in Sandrigo, Italy, excluding a certain part of their assets located in the US. Kemira acquired 100% of the share capital of 3F amounting to EUR 59.5 million and obtained control of 3F. Goodwill of EUR 32.4 million arising from the acquisition is attributable to acquired production capacities from manufacturing sites in Italy and USA and the expected synergy benefits.

3F produces dry and emulsion polyacrylamide polymers and related process chemicals. Their polymer production is supported by backward integrated key intermediates, such as bio-acrylamide and cationic monomers. The acquisition includes two manufacturing sites in Italy (San Giorgio and Sandrigo) and one manufacturing site in USA (Aberdeen, Mississippi). 3F products are used in retention and drainage in paper production, in drilling, extraction and stimulation in the oil & gas industry, in production optimization in the mining industry as well as in wastewater treatment and sludge dewatering.

The following table summarizes the consideration paid for 3F, and the amounts of the assets acquired and liabilities assumed recognized on the acquisition date.

	Note	
Consideration at October 1, 2013		
Cash		**59.5**
Recognized amounts of identifiable assets acquired and liabilities assumed		
Technologies, customer relationships and other intangible assets	12	**20.8**
Property, plant and equipment	13	**30.3**
Inventories		**8.8**
Trade and other receivables		**12.0**
Cash and cash equivalents		**0.9**
Interest-bearing liabilities		**-26.0**
Deferred tax liabilities		**-6.6**
Provisions, trade payables and other payables		**-13.3**
Total identifiable net assets		**26.9**
Goodwill	11	**32.4**
		59.3

Acquisition-related costs of EUR 1.6 million have been included in other operating expenses in the Consolidated Income Statement for the year ended 31 December 2013.

Had 3F been consolidated from 1 January 2013, the consolidated income statement would show pro forma revenue of EUR 72.5 million and operating profit of EUR 2.9 million. The pro forma amounts are provided for comparative purposes only and do not necessarily reflect the actual result that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

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28. DERIVATIVE INSTRUMENTS

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NOMINAL VALUES	2014			2013		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Currency instruments						
Forward contracts	304.7	-	**304.7**	604.8	-	604.8
Currency options	65.2	-	**65.2**	-	-	-
Bought	32.6	-	**32.6**	-	-	-
Sold	32.6	-	**32.6**	-	-	-
Interest rate instruments						
Interest rate swaps	66.5	258.0	**324.5**	42.6	152.0	194.6
of which cash flow hedges	66.5	158.0	**224.5**	42.6	152.0	194.6
of which fair value hedges	-	100.0	**100.0**	-	-	-
Bond futures	-	-	**-**	-	10.0	10.0
of which open	-	-	**-**	-	10.0	10.0
Other instruments						
Electricity forward contracts, bought (GWh)	538.4	965.2	**1,503.6**	521.2	929.3	1,450.5
of which cash flow hedges (GWh)	538.4	965.2	**1,503.6**	521.2	929.3	1,450.5

Nominal values of the financial instruments do not necessarily correspond to the actual cash flows between the counterparties, and individual items do not therefore give a fair view of the Group's risk position.

FAIR VALUES	2014			2013		
	Assets gross	Liabilities gross	Total net	Assets gross	Liabilities gross	Total net
Currency instruments						
Forward contracts	2.9	-1.4	**1.5**	4.0	-3.3	0.7
Currency options	0.0	0.0	**0.0**	-	-	-
Bought	0.0	0.0	**0.0**	-	-	-
Sold	0.0	0.0	**0.0**	-	-	-
Interest rate instruments						
Interest rate swaps	3.0	-2.5	**0.5**	-	-3.6	-3.6
of which cash flow hedges	-	-2.5	**-2.5**	-	-3.6	-3.6
of which fair value hedges	3.0	-	**3.0**	-	-	-
Bond futures	-	-	**-**	0.2	-	0.2
of which open	-	-	**-**	0.2	-	0.2
Other instruments						
Electricity forward contracts, bought	-	-5.9	**-5.9**	-	-7.8	-7.8
of which cash flow hedges	-	-5.9	**-5.9**	-	-7.8	-7.8

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FAIR VALUES	2014				2013			
	Assets gross		Liabilities gross		Assets gross		Liabilities gross	
	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year
Currency instruments								
Forward contract	2.9	-	-1.4	-	4.0	-	-3.3	-
Currency options	0.0	0.0	0.0	0.0	-	-	-	-
Bought	0.0	0.0	0.0	0.0	-	-	-	-
Sold	0.0	0.0	0.0	0.0	-	-	-	-
Interest rate instruments								
Interest rate swaps	-	3.0	-0.8	-1.7	-	-	-0.5	-3.1
of which cash flow hedges	-	0.0	-0.8	-1.7	-	-	-0.5	-3.1
of which fair value hedges	-	3.0	-	-				
Bond futures	-	-	-	-	-	0.2	-	-
of which open	-	-	-	-	-	0.2	-	-
Other instruments								
Electricity forward contracts, bought	0.0	0.0	-3.1	-2.8	0.0	0.0	-4.3	-3.5
of which cash flow hedges	0.0	0.0	-3.1	-2.8	0.0	0.0	-4.3	-3.5

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29. MANAGEMENT OF FINANCIAL RISKS

The Group Treasury manages financial risks in accordance with the treasury policy in force. Approved by the Board of Directors, the treasury policy defines treasury management principles. The Board of Directors approves the annual Treasury plan and the maximum permissible financial risk levels.

Financial risk management aims to protect the Company from unfavorable changes in financial markets, thus contributing to securing the Company's profit performance and shareholders' equity. Kemira employs various financial instruments within the set limits. The Group uses only instruments of which market values and risks can be monitored continuously and reliably. It uses derivative instruments only for hedging purposes, not for speculation. Management of foreign exchange and interest rate risk is centralized in the Group Treasury.

FOREIGN EXCHANGE RISK

Foreign currency transaction risk arises from net currency flows denominated in currencies other than the domestic currency within and outside the eurozone. The Group's most significant transaction currency risks arise from the Canadian dollar and the Swedish krona. At the end of the year the denominated exchange rate risk of the Canadian dollar had an equivalent value of approximately EUR 41 million (30), the average hedging rate being 52% (42%). The SEK denominated exchange rate risk had an equivalent value of approximately EUR 34 million (33), the average hedging rate being 76% (79%). Kemira is exposed to smaller transaction risks in relation to the Norwegian krona, Brazilian real, Polish zloty and U.S. dollar with the annual exposure in those currencies being approximately EUR 69 million.

Kemira mainly uses forwards and currency options in hedging against foreign exchange risks. The table below shows an estimate of the largest group-level foreign currency cash flow risks.

Transaction and translation exposure	2014				2013			
	SEK	CAD	USD	Other	SEK	CAD	USD	Other
Operative cash flow forecast [1]	-33.9	41.0	6.8	61.9	-33.5	30.4	4.6	49.5
Loans, net	-16.1	-	315.5	53.8	17.6	1.0	241.6	61.1
Derivatives, transaction hedging	13.8	-22.0	0.0	-12.5	31.6	-19.1	-2.2	21.4
Derivatives, translation hedging	16.8	-	-74.4	-50.3	1.6	-1.0	-228.9	-68.7
Total	-19.4	19.0	247.9	52.9	17.3	11.3	15.1	63.3

1) Based on 12 months operative cash flow forecast.

At the turn of 2014/2015, the foreign currency operative cash flow forecast for 2015 was EUR 151 million of which 32% was hedged (63%). The hedge ratio is monitored daily. In hedging the total cash flow risk, a neutral level is achieved when 50% of the forecasted net foreign currency cash flow is hedged. A minimum of 30% and a maximum of 100% of the forecast flow must always be hedged. A 10% fall in foreign exchange rates against the euro, based on the average exchange rates, and without hedging, would reduce EBITDA by about EUR 16 million.

Since Kemira's consolidated financial statements are compiled in euros, Kemira is subject to currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in some other currency than the euro. Most significant translation risk currencies are the US dollar, the Swedish krona, the Canadian Dollar, Chinese Renminbi and the Brazilian real.

Kemira's main equity items denominated in foreign currencies are in the Swedish krona and US dollar. The objective is to hedge the balance sheet risk by maintaining a balance between foreign currency denominated liabilities and assets, currency by currency. In hedging the net investment in its units abroad, Kemira monitors the equity ratio. In accordance with the Group's policy, Kemira must take equity hedging measures if a change of +/- 5% in foreign exchange rates causes a change of more than 1.5 percentage points in the equity ratio. Long-term loans are primarily used for hedging of net investments in foreign subsidiaries. These hedges do not apply hedge accounting.

INTEREST RATE RISK

In accordance with the treasury policy the Group's interest rate risk is measured with the duration which describes average repricing moment of the loan portfolio. The duration must be in the range of 6–24 months. The Group may borrow in either fixed or floating rate and use both interest rate swaps and interest rate options as well as forward rate agreements and interest rate futures in order to meet the goal set under the related policy.

The duration of the Group's interest-bearing loan portfolio was 23 months at the end of 2014 (14 months). Excluding the interest rate derivatives, the duration was 20 months (7 months). At the end of 2014, 82% of the Group's entire net debt portfolio, including derivatives and pension loans, was fixed (60%). The net financing cost of the Group

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was 5.2% (2.7%). This figure is attained by dividing yearly net interest and other financing expenses excluding exchange rate differences and dividends by the average interest bearing net debt figure for the corresponding period. The most significant impact on the net financing cost arises from variation in the interest rate levels of the euro and the US dollar denominated debt. On the balance sheet date the average interest rate of loan portfolio was approximately 2.1%.

Financial assets and liabilities with fixed interest rate are exposed to price risks arising from changes in interest rates. Financial assets and liabilities with floating interest rate of which changes alongside market interest rates, are exposed to cash flow risks due to interest rates.

The table below shows the time for interest rate fixing of the loan portfolio.

Time to interest rate fixing at Dec 31, 2014	<1 year	1–5 years	> 5 year	Total
Floating net liabilities	91.5	-	-	**91.5**
Fixed net liabilities	116.5	248.1	30.0	**394.6**
Total	**208.0**	**248.1**	**30.0**	**486.1**

Time to interest rate fixing at Dec 31, 2013	<1 year	1–5 years	> 5 year	Total
Floating net liabilities	182.3	-	-	182.3
Fixed net liabilities	43.0	207.0	24.0	274.0
Total	225.3	207.0	24.0	456.3

As a consequence of treasury policy, the Group's average interest rate is generally higher than short-term market interest rates when low rates prevail and, on the other hand, lower than market interest rates when high rates prevail. If interest rates would rise by one percentage point on January 1, 2015, the resulting interest expenses before taxes incurred by the Group over the next 12 months would increase by about EUR 0.5 million (1.4). During 2015, Kemira will reprice 30% (46%) of the Group's net debt portfolio, including derivatives.

On the balance sheet date, the Group had outstanding interest rate derivatives related to cash flow hedging with a market value of EUR -2.5 million (-3.6) and fair value hedging with market value of EUR 3.0 million. All interest rate swaps are used to hedge the Group's loan portfolio, and are accounted for in accordance with the principles of hedge accounting set out in IAS 39. The Group's accounting policies section describes the Group policy regarding hedge accounting. One percentage point increase in interest rates would have a positive impact in market valuation of interest rate swaps of EUR 0.4 million (1.4) in equity (before taxes).

PRICE RISK

The price of electricity varies greatly according to the market situation. Kemira Group takes hedging measures with respect to its electricity purchases in order to even out raw material costs. In line with its hedging policy, the Group hedges its existing sales agreements in such a way that the hedges cover the commitments made. The company primarily uses electricity forwards on the power exchange as hedging instruments. Currency and regional price risks connected with hedges are hedged by making agreements in Finland, mainly in HELEUR amounts and in Sweden, mainly in MALSEK amounts. The majority of outstanding electricity derivatives are treated in accordance with cash flow hedge accounting, as discussed above. The forecast for physical deliveries of the underlying asset, or purchases, are not recorded until the delivery period. A 10% change in the market price of electricity hedging contracts would impact the valuation of these contracts EUR +/-4.3 million (+/-5.1).

CREDIT AND COUNTERPARTY RISK

The Group's treasury policy defines the credit rating requirements for counterparties of investment activities and derivative agreements as well as the related investment policy. The Group seeks to minimize its counterparty risk by dealing solely with counterparties that are financial institutions with a good credit rating as well as by decentralizing agreements among them.

The Group Treasury approves the new banking relationships of subsidiaries. At present, there are 11 approved financial institution counterparties used by the Group Treasury, all of which have a credit rating of at least A, based on Standard & Poor's credit rating information. The maximum risk assignable to the Group's financial institution counterparties on the balance sheet date amounted to EUR 125.1 million (106.2). Kemira monitors its counterparty risk on a monthly basis by defining the maximum risk associated with each counterparty, based on the market value of receivables. For each financial institution, Kemira

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has defined an approved limit. Credit risks associated with financing transactions did not result in credit losses during the financial year.

The counterparty risk in treasury operations is due to the fact that a contractual party to a financing transaction is not necessarily able to fulfill its contractual obligations. Risks are mainly related to investment activities and the counterparty risks associated with derivative contracts. The Group Treasury may invest a maximum of EUR 150 million in liquid assets in the commercial papers of Finnish companies. The maximum single investment is EUR 25 million for a period of up to six months.

Kemira has a Group wide credit policy in place. Products are sold on open account only to companies the credit information of which does not indicate payment irregularities. The Group does not have any significant credit risk concentrations because of its extensive customer base across the world. Credit limits apply to most customers and are monitored systematically. In some cases, documentary payments are in use, such as letters of credit. The age distribution of trade receivables outstanding at the end of 2014 is shown in the following table.

AGEING OF TRADE RECEIVABLES	2014	2013
Undue trade receivables	**212.7**	212.0
Trade receivables 1–90 days overdue	**48.8**	40.3
Trade receivables more than 91 days overdue	**3.8**	2.7
Total	**265.3**	255.0

In 2014, impairment loss of trade receivables amounted to EUR 1.2 million (4.4).

In USA Kemira has an accounts receivable purchase facility worth USD 38 million, enabling Group companies in the USA to sell certain account receivables to the counterparty. The credit risk of the accounts receivables is transferred to the counterparty and 96.9% of the receivables transferred are derecognized from the balance sheet. The amount of outstanding receivables transferred, which also reflects the carrying value of the receivables before the transfer was EUR 26.5 million (17.8) at 31 December 2014. The amounts recognized in the balance sheet at 31 December 2014 due to the continuing involvement are EUR 0.8 million (0.6) in assets and EUR 0.2 million (0.2) in liabilities.

LIQUIDITY AND REFINANCING RISKS

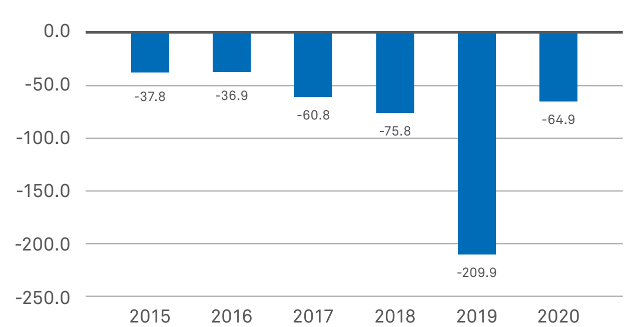
In order to secure its liquidity, the Group uses account overdrafts, money market investments and a revolving credit facility. At the end of 2014 the Group's cash and cash equivalents stood at EUR 119.1 million (102.0), of which short-term investment accounted for EUR 37.6 million (14.4) and bank deposits EUR 81.5 million (87.6).

The Group diversifies its refinancing risk by raising financing from various sources. The Group has bank loans, insurance company loans as well as a short-term domestic commercial paper program, with the objective of balancing the maturity schedule of the loan portfolio and maintaining a sufficiently long maturity for long-term loans.

In accordance with the Group Treasury policy, the average maturity of outstanding loans should always be at least 3 years. The Group must have committed credit facilities to cover planned funding needs, the current portion of long term debt, commercial paper borrowings and other uncommitted short-term loans in the next 12 months. Moreover, the maturity profile of the long-term debt portfolio and refinancing should be planned so that a maximum of 30% of the total debt portfolio will mature during the next 12 month period. The average maturity of debt at the end of 2014 was 4.0 years.

The Group has a EUR 600 million domestic commercial paper program enabling it to issue commercial papers with a maximum maturity of one year. At the end of 2014 the amount raised from commercial paper markets was EUR 10.0 million. Simultaneously the group had EUR 119.1 million of outstanding liquid short- and long-term investments. In addition, the Group has 5+1 year revolving credit facility of EUR 400 million. At the turn of the year 2014/2015 the revolving credit facility was undrawn. The revolving credit facility represents a flexible form of both short-term and long-term financing with a predictable fee structure. Kemira issued a senior unsecured bond of EUR 200 million in May 2014. The five year bond will mature in May 2019 and it carries a fixed annual interest rate of 2.500 percent. In addition, Kemira signed two EUR 50 million term loans in December 2014. New loans were undrawn at the end of the period.

MATURITY SPLIT OF INTEREST-BEARING NET DEBT



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CAPITAL STRUCTURE MANAGEMENT

The Group's long-term objective is to maintain a gearing ratio below 60%. To calculate the gearing ratio, interest-bearing net liabilities (interest-bearing liabilities less cash and cash equivalents) are divided by shareholders' equity. The new revolver credit facility agreement contains a covenant according to which the company gearing must be below 100%.

Besides gearing, certain other bilateral loan agreements contain a covenant according to which the Company represents and warrants that its financial status will remain such that the consolidated shareholders' equity is always at least 25% of the consolidated total assets (equity ratio).

The Board of Directors will propose a per-share dividend of EUR 0.53 for 2014 (EUR 0.53), corresponding to a dividend payout ratio of 90% (-255%). Kemira dividend policy aims at paying a stable and competitive dividend.

	2014	2013
Interest-bearing liabilities	**605.2**	558.3
Cash and cash equivalents	**119.1**	102.0
Interest-bearing net liabilities	**486.1**	456.3
Equity	**1,163.3**	1,125.5
Total assets	**2,295.7**	2,211.0
Gearing	**42%**	41%
Equity ratio	**51%**	51%

CASH AND CASH EQUIVALENTS

	2014		2013	
	Book value	**Fair value**	Book value	Fair value
Cash and cash equivalents	**81.5**	**81.5**	87.6	87.6
Money market investments	**37.6**	**37.6**	14.4	14.4
Total	**119.1**	**119.1**	102.0	102.0

Money market investments are short-term.

NON-CURRENT INTEREST-BEARING LOANS AND AMORTIZATIONS OF NON-CURRENT INTEREST-BEARING LOANS

Currency	**Dec 31, 2014**		Maturity					
	Fair value	**Book value**	2015	2016	2017	2018	2019	2020–
EUR	**433.0**	**417.4**	76.2	24.6	24.5	17.4	209.9	64.8
USD	**112.8**	**112.5**	8.9	8.9	36.3	58.4	-	-
Other	**4.0**	**4.0**	0.4	3.6	-	-	-	-
Total	**549.8**	**533.9**	85.5	37.1	60.8	75.8	209.9	64.8

Currency	Dec 31, 2013		Maturity					
	Fair value	Book value	2014	2015	2016	2017	2018	2019–
EUR	195.1	190.5	25.8	76.4	24.3	24.3	16.5	23.2
USD	136.3	135.9	32.3	10.3	8.9	33.0	51.4	-
Other	10.0	10.0	0.2	6.8	-	3.0	-	-
Total	341.4	336.4	58.3	93.5	33.2	60.3	67.9	23.2

The figures include the amortizations planned for 2015 (2014) excluding commercial papers and other current loans.

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CASH FLOW FROM ALL FINANCIAL LIABILITIES

Loan type

	Dec 31, 2014		Maturity					
	Drawn	Undrawn	2015	2016	2017	2018	2019	2020–
Long-term interest bearing liabilities [1]	331.6	100.0	85.5	36.8	60.5	75.5	9.6	64.6
financial expenses			1.8	0.8	1.3	1.6	0.2	1.4
Bond	200.0						200.0	
financial expenses			5.0	5.0	5.0	5.0	5.0	
Revolving credit facility	-	400.0						
financial expenses			1.0	1.0	1.0	1.0	1.0	1.0
Finance lease liabilities	2.2		0.8	0.3	0.3	0.3	0.3	0.2
financial expenses			0.1					
Commercial paper program	10.0	590.0	10.0					
financial expenses			0.0					
Other interest-bearing current loans	61.4		61.4					
financial expenses			1.5					
Interest-bearing loans total	605.2	1,090.0	167.1	43.9	68.1	83.4	216.1	67.2
Trade payables	135.2							
Forward contracts								
liabilities	304.7		304.7					
assets	-306.2		-306.2					
Other derivatives [2]	8.4		3.9	3.6	0.4	0.2	0.1	0.2
Trade payables and derivatives total	142.1		2.4	3.6	0.4	0.2	0.1	0.2
Total	747.3	1,090.0	169.5	47.5	68.5	83.6	216.2	67.4
Guarantees			3.3					

Loan type

	Dec 31, 2013		Maturity					
	Drawn	Undrawn	2014	2015	2016	2017	2018	2019–
Long-term interest bearing liabilities	336.4	45.0	58.3	93.5	33.2	60.3	67.9	23.2
financial expenses			0.9	1.4	0.5	0.9	1.0	0.3
Revolving credit facility	-	400.0						
financial expenses								
Finance lease liabilities	2.7		0.9	0.3	0.3	0.3	0.2	0.7
financial expenses			0.1					
Commercial paper program	163.8	436.2	163.8					
financial expenses			1.0					
Other interest-bearing current loans	55.4		55.4					
financial expenses			0.8					
Interest-bearing loans total	558.3	881.2	281.2	95.2	34.0	61.5	69.1	24.2
Trade payables	143.3							
Forward contracts								
liabilities	604.8		604.8					
assets	-605.5		-605.5					
Other derivatives [2]	11.4		4.8	3.2	2.8	0.4	0.2	
Trade payables and derivatives total	154.0		4.1	3.2	2.8	0.4	0.2	
Total	712.3	881.2	285.3	98.4	36.8	61.9	69.3	24.2
Guarantees			3.1					

1) Includes hedge accounting adjustment of EUR 2.1 million.
2) Interest rate swaps and electricity forwards.

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Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

30. COMMITMENTS AND CONTINGENT LIABILITIES

	2014	2013
COMMITMENTS		
Assets pledged		
On behalf of own commitments	6.0	6.4
Guarantees		
On behalf of own commitments	48.4	50.4
On behalf of others	3.3	3.1
Operating lease commitments – the Group as lessee		
Minimum lease payments under operating leases are as follows:		
No later than 1 year	31.1	26.4
Later than 1 year and no later than 5 years	74.7	63.3
Later than 5 years	87.1	76.6
Total	192.9	166.3
Other obligations		
On behalf of own commitments	1.2	1.6
On behalf of associates	0.6	0.7

THE MOST SIGNIFICANT OFF-BALANCE SHEET INVESTMENTS COMMITMENTS

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2014 were about EUR 23.8 million (12.3) for plant investments.

LITIGATION

On August 19, 2009, Kemira Oyj received a summons stating that Cartel Damage Claims Hydrogen Peroxide SA had filed an action against six hydrogen peroxide manufacturers, including Kemira, for violations of competition law applicable to the hydrogen peroxide business. In its claim, Cartel Damage Claims Hydrogen Peroxide SA seeks an order from the Regional Court of Dortmund in Germany to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demands that the defendants, including Kemira, are jointly and severally ordered to pay damages together with accrued interest on the basis of such decision.

Cartel Damage Claims Hydrogen Peroxide SA has stated that it will specify the amount of the damages at a later stage after the full copy of the decision of the European Commission has been obtained by it. In order to provide initial guidance as to the amount of such damages, Cartel Damage Claims Hydrogen Peroxide SA presents in its claim a preliminary calculation of the alleged overcharge having been paid to the defendants as a result of the violation of the applicable competition rules by the parties which have assigned and sold their claim to Cartel Damage Claims Hydrogen Peroxide SA. In the original summons such alleged overcharge, together with accrued interest until December 31, 2008, was stated to be EUR 641.3 million.

Thereafter Cartel Damage Claims Hydrogen Peroxide SA has delivered to the attorneys of the defendants an April 14, 2011 dated brief addressed to the court and an expert opinion. In the said brief the minimum damage including accrued interest until December 31, 2010, based on the expert opinion, is stated to be EUR 475.6 million. It is further stated in the brief that the damages analysis of the expert does not include lost profit.

The process is currently pending in the Regional Court of Dortmund, Germany. It has on April 29, 2013 decided to suspend the case and to asked a preliminary ruling on jurisdiction from the Court of Justice of the European Union. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj has additionally been served on April 28, 2011 a summons stating that Cartel Damage Claims Hydrogen Peroxide SA had filed an application for summons in the municipal court of Helsinki on April 20, 2011 for violations of competition law applicable to the hydrogen peroxide business claiming from Kemira Oyj as maximum compensation EUR 78.0 million as well as overdue interest starting from November 10, 2008 as litigation expenses with overdue interest. The referred violations of competition law are the same as those on basis of which CDC has taken legal action in Germany in Dortmund. The municipal court made on July 4, 2013 a decision which could not be appealed separately. In its decision the municipal court considered to have jurisdiction and that the claims made by the claimant were at least not totally time-barred. On May 19, 2014 Kemira announced that it had signed an agreement with Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together “CDC”) to settle the lawsuit in Helsinki, Finland. Based on the settlement CDC withdrew the damages claims and Kemira paid to CDC a compensation of EUR 18.5 million and compensated CDC for its legal costs. The settlement also includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany (mentioned above) and in Amsterdam, the Netherlands (mentioned below).

Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has on June 9, 2011 received documents where it was stated that CDC Project 13 SA has filed an action against four companies in municipal court of Amsterdam, including Kemira, asking damages for violations of competition law applicable to the sodium chlorate business. The European Commission set on June 2008 a fine of EUR 10.15 million on Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994–2000. Kemira Oyj acquired Finnish Chemicals in 2005. The municipal court of Amsterdam decided on June 4, 2014 to have jurisdiction over the case. The said decision may be appealed separately and Kemira is making an appeal. Kemira defends against the claim of CDC Project 13 SA.

As mentioned above the settlement between Kemira and CDC relating the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany and in Amsterdam, the Netherlands. However, regardless of such limitations of liabilities, Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the processes started by Cartel Damage Claims Hydrogen Peroxide SA and CDC Project 13 SA. No assurance can be given as to the outcome of the processes, and unfavorable judgments against Kemira could have a material adverse effect on Kemira's business, financial condition or results of operations. Due to its extensive international operations the Group, in addition to the above referred claims, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position.

31. ENVIRONMENTAL RISKS AND LIABILITIES

The bulk of Kemira's business is in the chemical industry our operations are governed by numerous international agreements and regional and national legislation all over the world. The Group treats its environmental liabilities and risks in the consolidated financial statements in accordance with IFRS and observes the established internal environmental principles and procedures. Divestments and acquisitions changed the Group's environmental liabilities. Provisions for environmental remediation totaled EUR 25.6 million (22.2). The increase is mainly explained by additional clean-up work required by the authorities related to site closures. The biggest provisions relate to site closures and the limited reconditioning of the sediment of a lake adjacent to the Vaasa plant.

EMISSION ALLOWANCES

The Group holds assigned emissions allowances under the EU Emissions Trading System in Sweden and in Finland site. At Group level, the allowances showed a net surplus of 65,570 tons (a net surplus of 59,393 tons).

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32. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party, or exercise significant influence, or exercise joint control in making financial and operating decisions. The Group's related parties include the parent company, subsidiaries, associates, joint-ventures and the Pension Fund Neliapila. Related parties also include the members of the Board of Directors and the Group's Management Boards, the CEO and his deputy and their immediate family members.

EMPLOYEE BENEFITS OF CEO, DEPUTY CEO AND MEMBERS OF MANAGEMENT BOARD

	Wages, salaries and other benefits, EUR	Bonuses, EUR	Share-based payments, EUR [2]	Severance payments, EUR	2014	2013
CEO Jari Rosendal (since May 1, 2014)	360,000	-	-	-	**360,000**	-
CEO Wolfgang Büchele (until April 30, 2014)	291,222	157,039	-	-	**448,261**	964,566
Deputy CEO Jukka Hakkila (since May 6, 2013) [1]	178,810	41,059	-	-	**219,869**	161,557
Deputy CEO Jyrki Mäki-Kala (until May 5, 2013)	-	-	-	-	**-**	141,349
Other members of management board	2,689,378	567,509	-	636,571	**3,893,458**	2,472,567
Total	3,519,410	765,607	-	636,571	**4,921,588**	3,740,039

1) Jukka Hakkila is not a member of the management board.
2) Share-based incentive plans for the management board are disclosed in Note 5.

In addition, in 2014, the employment of a member of management board was ended and he was allowed to retain the right to defined benefit pension. EUR 1.7 million pension expense was recognized as result of it. More information on defined benefit pension plans is presented in Note 23.

MANAGEMENT'S PENSION COMMITMENTS AND TERMINATION BENEFITS

Jari Rosendal was appointed as Kemira Oyj's CEO as of May 1, 2014. Former CEO Wolfgang Büchele left the position on April 30, 2014 and joined another company.

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

A six-month period of notice applies to the Managing Director. The Managing Director will receive severance pay equaling his 12-month salary if the Company terminates the employment.

THE BOARD OF DIRECTORS' EMOLUMENTS

The Annual General Meeting decided on March 24, 2014, that the annual fee for the Board of Directors be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% is paid in cash. According to the decision, the shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report January 1 - March 31, 2014.

The meeting fees are paid in cash and travel expenses are paid according to Kemira's travel policy.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares	Share value, EUR	Cash compensation, EUR	2014 Total, EUR	2013 Total, EUR
Jari Paasikivi, Chairman (since March 24, 2014)	2,671	29,167	57,566	**86,733**	59,710
Kerttu Tuomas, Vice Chairman	1,625	17,745	37,171	**54,916**	47,167
Wolfgang Büchele (since March 24, 2014)	1,300	14,196	29,377	**43,573**	-
Winnie Fok	1,300	14,196	52,777	**66,973**	66,967
Juha Laaksonen	1,625	17,745	40,171	**57,916**	56,710
Timo Lappalainen (since March 24, 2014)	1,300	14,196	28,777	**42,973**	-
Jukka Viinanen, Chairman (until March 24, 2014)	-	-	2,400	**2,400**	84,923
Elisabeth Armstrong (until March 26, 2013)	-	-	-	**-**	7,200
Total	9,821	107,245	248,239	**355,484**	322,677

TRANSACTIONS CARRIED OUT WITH RELATED PARTIES

	2014	2013
Revenue		
Associated companies	**2.2**	2.3
Purchases		
Associated companies	**2.9**	2.6
Pension Fund Neliapila	**1.1**	1.1
Total	**4.0**	3.7
Receivables		
Associated companies	**0.0**	0.2
Liabilities		
Associated companies	**0.2**	0.3

The amount of contingent liabilities on behalf of associates are presented in Note 30.

Related parties include the Pension Fund Neliapila, which is a separate legal entity. Pension Fund Neliapila manages Kemira Oyj's voluntarily organized additional pension fund. Pension Fund Neliapila manages part of the pension assets of the Group's personnel in Finland. The assets include Kemira shares representing 0.08% of the company's outstanding shares.

No loans had been granted to the management at year-end of 2013 and 2014, nor were there contingency items or commitments on behalf of key management personnel.

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33. CHANGES IN THE GROUP STRUCTURE

ACQUISITIONS OF GROUP COMPANIES AND NEW SUBSIDIARIES ESTABLISHED

- Kemira established a new company Kemira (Thailand) Co., Ltd. in Thailand on October 2, 2014.
- Kemira established a new company Kemira Japan Co., Ltd. in Japan on October 3, 2014.

DIVESTMENTS OF GROUP COMPANIES

- Suomen Muurahaishappo Oy was sold on March 6, 2014.
- Kemira Indus Limited was sold on December 15, 2014.

CHANGES IN THE HOLDINGS OF GROUP COMPANIES WITHIN THE GROUP

- Kemira 3F Chimica Spa merged into Kemira Italy S.p.A on May 1, 2014.
- Kemira Chimica Srl merged into Kemira Italy S.p.A on May 1, 2014.
- 3F Chimica Deutschland GmbH merged into Kemira Chemicals Germany GmbH on April 30, 2014.

NAME CHANGES

Former name
ZAO Kemira EKO

New name
ZAO Avers

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34. THE GROUP'S SUBSIDIARIES

Kemira Oyj	Kemira Group's Holding %	City Helsinki	Country Finland
Aliada Quimica de Portugal Lda.	50.10	Estarreja	Portugal
AS Kemivesi	100.00	Tallinn	Estonia
Chesapeake Agro-Iron, LLC	100.00	Atlanta, GA	United States
Clean Water Logistics, LLC	100.00	Atlanta, GA	United States
Corporación Kemira Chemicals de Venezuela, C.A.	100.00	Caracas	Venezuela
Finnchem Canada Inc.	100.00	Ontario	Canada
Finnchem USA, Inc.	100.00	Delaware	United States
Finnish Chemicals Corporation	100.00	Delaware	United States
HTC Augusta Inc	100.00	Delaware	United States
Industry Park i Helsingborg Förvaltning AB	100.00	Helsingborg	Sweden
Kemifloc a.s.	51.00	Přerov	Czech Republic
Kemifloc Slovakia S.r.o.	51.00	Prešov	Slovakia
Kemipol Sp. z o.o.	51.00	Police	Poland
Kemira (Asia) Co., Ltd.	100.00	Shanghai	China
Kemira Argentina S.A.	100.00	Buenos Aires	Argentina
Kemira Asia Pacific Pte. Ltd.	100.00	Singapore	Singapore
Kemira Cell Sp. z.o.o.	55.00	Ostroleka	Poland
Kemira Chemicals (Nanjing) Co. Ltd	100.00	Nanjing	China
Kemira Chemicals (Shanghai) Co. Ltd.	100.00	Shanghai	China
Kemira Chemicals (UK) Ltd	100.00	Harrogate	United Kingdom
Kemira Chemicals (Yanzhou) Co., Ltd	100.00	Yanzhou City	China
Kemira Chemicals AS	100.00	Gamle Fredrikstad	Norway
Kemira Chemicals Brasil Ltda	100.00	São Paulo	Brazil
Kemira Chemicals Canada Inc.	100.00	Maitland	Canada
Kemira Chemicals Germany GmbH	100.00	Frankfurt am Main	Germany
Kemira Chemicals India Private Limited	99.99	Hyderabad	India
Kemira Chemicals NV	100.00	Aartselaar	Belgium
Kemira Chemicals Oy	100.00	Helsinki	Finland
Kemira Chemicals, Inc.	100.00	Atlanta, GA	United States
Kemira Chemie Ges.mbH	100.00	Krems	Austria
Kemira Chile Comercial Limitada	100.00	Santiago	Chile
Kemira Chimie S.A.S.U.	100.00	Lauterbourg	France
Kemira de México, S.A. de C.V.	100.00	Tlaxcala	Mexico
Kemira Europe Oy	100.00	Helsinki	Finland
Kemira Finance Solutions B.V.	100.00	Rotterdam	Netherlands
Kemira France SAS	100.00	Lauterbourg	France
Kemira Gdańsk Sp. z o.o.	100.00	Gdansk	Poland
Kemira Germany GmbH	100.00	Leverkusen	Germany
Kemira Germany Sales GmbH	100.00	Leverkusen	Germany
Kemira GrowHow A/S	100.00	Fredericia	Denmark
Kemira Hong Kong Company Limited	100.00	Hong Kong	China
Kemira Ibérica S.A.	100.00	Barcelona	Spain
Kemira Ibérica Sales and Marketing S.L.	100.00	Barcelona	Spain
Kemira International Finance B.V.	100.00	Rotterdam	Netherlands
Kemira Italy S.p.A.	100.00	San Giorgio di Nogaro	Italy
Kemira Japan Co., Ltd	100.00	Tokyo	Japan
Kemira Kemi AB	100.00	Helsingborg	Sweden

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	Kemira Group's Holding %	City	Country
Kemira Kopparverket KB	100.00	Helsingborg	Sweden
Kemira Korea Corporation	100.00	Seoul	South-Korea
Kemira KTM d.o.o.	100.00	Ljubljana	Slovenia
Kemira Logistics, Inc.	100.00	Atlanta, GA	United States
Kemira Nederland Holding B.V.	100.00	Rotterdam	Netherlands
Kemira New Chemicals Inc.	100.00	Savannah, GA	United States
Kemira Operon Oy	100.00	Helsinki	Finland
Kemira Rotterdam B.V.	100.00	Rotterdam	Netherlands
Kemira South Africa (Pty) Ltd	100.00	Weltevredenpark	South Africa
Kemira Specialty Chemicals, Inc.	100.00	Atlanta, GA	United States
Kemira Świecie Sp. z o.o.	100.00	Swiecie	Poland
Kemira Taiwan Corporation	100.00	Taipei	Taiwan
Kemira (Thailand) Co., Ltd	100.00	Bangkok	Thailand
Kemira Uruguay S.A.	100.00	Montevideo	Uruguay
Kemira Water Danmark A/S	100.00	Esbjerg	Denmark
Kemira Water Solutions Brasil -Produtos para tratamento de agua Ltda.	100.00	São Paulo	Brazil
Kemira Water Solutions Canada Inc.	100.00	Varennes Qs	Canada
Kemira Water Solutions, Inc.	100.00	Atlanta, GA	United States
Kemwater Brasil S.A.	100.00	Camaçari	Brazil
Kemwater ProChemie s.r.o.	95.10	Kosmonosy	Czech Republic
LA Water, LLC	100.00	Atlanta, GA	United States
PT Kemira Indonesia	100.00	Jakarta	Indonesia
Riverside Development Partners, LLC	100.00	Atlanta, GA	United States
Ruoholahden Kuusenkerkkä Oy	100.00	Helsinki	Finland
Scandinavian Tanking System A/S	100.00	Copenhagen	Denmark
Water Elements Las Vegas, LLC	100.00	Atlanta, GA	United States
Water Elements, LLC	100.00	Atlanta, GA	United States
ZAO "Kemira HIM"	100.00	St. Petersburg	Russia
ZAO Avers	100.00	St. Petersburg	Russia

35. EVENTS AFTER THE BALANCE SHEET DATE

The Group has no significant events after the balance sheet date.

KEMIRA OYJ INCOME STATEMENT (FAS)

		Year ended 31 December	
	Note	**2014**	2013
Revenue	2	**1,228,093,326.36**	1,382,093,042.77
Change in inventories of finished goods	4	**-5,762,341.10**	-5,360,719.99
Other operating income	3	**21,831,008.86**	26,077,105.50
Materials and services	4	**-833,680,854.67**	-927,158,120.54
Personnel expenses	5	**-37,542,887.25**	-47,129,227.77
Depreciation, amortization and impairment	6	**-30,841,745.64**	-34,130,718.97
Other operating expenses	4	**-338,951,246.02**	-404,735,455.50
Operating profit/loss		**3,145,260.54**	-10,344,094.50
Financial income and expenses	7	**-9,335,297.22**	147,046,343.79
Profit/loss before extraordinary items		**-6,190,036.68**	136,702,249.29
Extraordinary items	8	**4,051,000.00**	10,760,000.00
Profit/loss before appropriations and taxes		**-2,139,036.68**	147,462,249.29
Appropriations	6	**986,476.92**	-474,630.03
Income tax	9	**-126,594.21**	-5,809,899.08
Net profit for the period		**-1,279,153.97**	141,177,720.18

KEMIRA OYJ BALANCE SHEET (FAS)

	Note	As at 31 December 2014	2013
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**86,731,162.78**	100,964,301.36
Property, plant and equipment	11	**29,134,666.18**	27,739,469.56
Investments	12		
Holdings in subsidiaries		**1,570,433,661.40**	1,521,871,906.66
Other shares and holdings		**144,105,359.93**	140,284,625.87
Total investments		**1,714,539,021.33**	1,662,156,532.53
Total non-current assets		**1,830,404,850.29**	1,790,860,303.45
CURRENT ASSETS			
Inventories	13	**77,283,674.66**	79,273,543.06
Non-current receivables	14	**182,251,103.67**	157,196,898.40
Current receivables	14	**268,922,965.41**	322,047,359.83
Money market investments – cash equivalents	15	**22,910,617.10**	2,785,859.04
Cash and cash equivalents		**62,735,605.73**	114,914,629.36
Total current assets		**614,103,966.57**	676,218,289.69
Total assets		**2,444,508,816.86**	2,467,078,593.14
EQUITY AND LIABILITIES			
EQUITY	16		
Share capital		**221,761,727.69**	221,761,727.69
Share premium		**257,877,731.94**	257,877,731.94
Fair value reserve		**-2,963,940.82**	-5,079,068.12
Unrestricted equity reserve		**199,963,876.20**	199,963,876.20
Retained earnings		**401,541,863.82**	340,837,348.99
Net profit/ loss for the financial year		**-1,279,153.97**	141,177,720.18
Total equity		**1,076,902,104.86**	1,156,539,336.88
Appropriations	17	**8,981,935.22**	11,319,859.13
Obligatory provisions	18	**19,907,801.98**	26,006,246.27
LIABILITIES			
Non-current liabilities	19	**382,904,000.19**	290,130,674.23
Current liabilities	20	**955,812,974.61**	983,082,476.63
Total liabilities		**1,338,716,974.80**	1,273,213,150.86
Total equity and liabilities		**2,444,508,816.86**	2,467,078,593.14

KEMIRA OYJ CASH FLOW STATEMENT (FAS)

	Year ended 31 December	
	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	**-1,279,153.97**	141,177,720.18
Adjustments for		
Depreciation, amortization and impairment	**30,841,745.64**	34,130,718.97
Income taxes	**126,594.21**	5,809,899.08
Finance expenses, net	**9,335,297.22**	-147,046,343.79
Other non-cash income and expenses not involving cash flow	**6,996,582.31**	63,701,307.67
Operating profit before change in working capital	**46,021,065.41**	97,773,302.11
Change in working capital		
Increase (–)/decrease (+) in inventories	**1,989,868.40**	8,955,363.02
Increase (–)/decrease (+) in trade and other receivables	**51,817,307.75**	-47,197,356.58
Increase (+)/decrease (–) in trade payables and other liabilities	**-13,931,611.93**	-5,033,556.25
Change in working capital	**39,875,564.22**	-43,275,549.81
Cash generated from operations	**85,896,629.63**	54,497,752.30
Interest and other finance cost paid	**-106,779,623.70**	-47,766,225.86
Interest and other finance income received	**9,156,578.72**	11,609,335.19
Realized exchange gains and losses	**-12,148,327.45**	8,679,990.78
Dividends received	**9,167,120.63**	228,906,770.99
Income taxes paid	**-1,725,829.42**	-2,473,464.65
Net cash generated from operating activities	**-16,433,451.59**	253,454,158.75
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisitions of subsidiaries	**-50,979,300.74**	-24,218,481.57
Acquisitions of associated companies, and other shares	**-4,285,008.00**	-4,084,808.00
Purchase of intangible assets	**-14,305,205.12**	-16,146,329.32
Purchase of other plant, property and equipment	**-7,111,776.69**	-8,107,154.15
Proceeds from sale of subsidiaries and other shares	**2,665,906.06**	100,034,117.62
Proceeds from sale of other plant, property and equipment and intangible assets	**1,211,546.01**	3,245,955.74
Change in loan receivables, net increase (–)/decrease (+)	**-25,054,205.27**	-13,485,092.74
Net cash used in investing activities	**-97,858,043.75**	37,238,207.58
Cash flow before financing	**-114,291,495.34**	290,692,366.33
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current interest-bearing liabilities (+)	**245,000,000.00**	0.00
Repayment from non-current interest-bearing liabilities (–)	**-152,226,674.04**	-35,245,666.37
Short-term financing, net increase (+)/decrease (–)	**64,332,289.87**	-131,411,404.02
Dividends paid	**-80,582,022.03**	-80,577,701.47
Received group contribution	**10,760,000.00**	12,071,000.00
Net cash used in financing activities	**87,283,593.80**	-235,163,771.86
Net increase (+)/decrease (–) in cash and cash equivalents	**-27,007,901.54**	55,528,594.47
Cash and cash equivalents at 31 Dec	**85,646,222.83**	117,700,488.40
Exchange gains (+)/losses (–) on cash and cash equivalents	**-5,046,364.03**	2,808,714.00
Cash and cash equivalents at 1 Jan	**117,700,488.40**	59,363,179.93
Net increase (+)/decrease (–) in cash and cash equivalents	**-27,007,901.54**	55,528,594.47

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NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

1. THE PARENT COMPANY'S ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

The parent company's financial statements have been prepared in compliance with the relevant acts and regulations in force in Finland (FAS). Kemira Group's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and the parent company observes the Group's accounting policies according to FAS whenever it has been possible. Below are presented mainly the accounting policies in which the practice differs from the Group's accounting policies. In other respects the Group's accounting policies are observed.

PENSION ARRENGEMENTS

The company's pension liabilities are handled partly by pension insurance company and partly by Kemira's own pension fund. Contributions are based on periodic actuarial calculations and are recognized in the income statement.

SHARE-BASED INCENTIVE SCHEME FOR THE PERSONNEL

The treatment of share-based schemes is described in the Group's accounting policies. In the parent company, share-based payments are recognized as an expense in the amounts of the payments to be made.

EXTRAORDINARY INCOME AND EXPENSES

Extraordinary income and expenses consist of the Group contributions received and given, which are eliminated at the Group level.

INCOME TAXES

The Group's accounting policies are applied to income taxes and deferred tax assets and liabilities as permitted under Finnish GAAP. Deferred tax liability for the depreciation difference is stated in the notes to financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group's accounting policies are applied to property, plant and equipment, and intangible assets.

LEASE

All leasing payments are treated as rental expenses.

FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVE CONTRACTS

All financial assets (including shares) and liabilities are recognized at their acquisition value or their acquisition value less write-downs, with the exception of derivative instruments, which are measured at their fair value.

Changes in the value of the financial assets and liabilities, including derivatives, are booked as a credit or charge into income statement under financial income and expenses, with the exception of other derivatives used for hedging purposes the efficient part of which is booked to fair value reserve. Inefficient part of other derivative instruments used for hedging purposes is booked as a profit or loss into the income statement.

The valuation methods of derivative instruments are described in the Group's accounting policies and in Note 28 in the Consolidated Financial Statements.

2. REVENUE

	2014	2013
Revenue by business segments		
Paper	588,544,203.02	547,930,248.07
Oil & Mining	101,702,779.83	103,017,122.15
Municipal & Industrial	271,233,546.59	280,962,837.77
ChemSolutions	23,945,813.24	172,294,587.98
Intercompany revenue	195,293,331.33	242,908,678.23
Other revenue	47,373,652.35	34,979,568.57
Total	1,228,093,326.36	1,382,093,042.77
Distribution of revenue by geographical segments as a percentage of total revenue		
Finland, domicile of the parent company	30	29
Other Europe, Middle East and Africa	59	60
North and South America	6	5
Asia Pacific	5	6
Total	100	100

3. OTHER OPERATING INCOME

	2014	2013
Gain on the sale of property, plant and equipment	1,211,546.01	3,245,955.74
Gain on the sale of shares	2,920,101.65	0.00
Rent income	922,592.75	1,586,042.33
Intercompany service charges	7,212,890.98	7,113,950.16
Other income from operations	9,563,877.47	14,131,157.27
Total	21,831,008.86	26,077,105.50

4. COSTS

	2014	2013
Change in inventories of finished goods	5,762,341.10	5,360,719.99
Materials and services		
Materials and supplies		
Purchases during the financial year	827,383,214.87	916,581,217.93
Change in inventories of materials and supplies	-2,374,453.15	1,213,163.11
External services	8,672,092.95	9,363,739.50
Total materials and services	833,680,854.67	927,158,120.54
Personnel expenses	37,542,887.25	47,129,227.77
Other operating expenses		
Rents	7,739,388.14	11,467,557.76
Intercompany tolling manufacturing charges	169,843,770.73	187,320,563.39
Intercompany service charges and royalties	82,930,098.01	119,731,979.36
Other expenses	78,437,989.14	86,215,354.99
Total other operating expenses	338,951,246.02	404,735,455.50
Total costs	1,215,937,329.04	1,384,383,523.80

DELOITTE & TOUCHE OY'S FEES AND SERVICES

	2014	2013
Audit fees	**521,196.81**	418,055.00
Other services	**2,197,120.22**	1,094,508.00

In 2014, other services include fees related mainly to the auditors reports and statements for formic acid business divestment and fees related to the AkzoNobel's global paper chemicals business acquisition. In 2013, other services include fees mainly related to the 3F acquisition.

In 2014, the costs included a net decrease in obligatory provisions of EUR -6.1 million (personnel expenses EUR –3.0 million, rents EUR –0.5 million and other expenses EUR –2.6 million), and in 2013, the costs included a net increase in obligatory provisions of EUR 8.8 million (personnel expenses EUR +2.6 million, rents EUR –0.4 million and other expenses EUR +6.6 million).

5. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2014	2013
Emoluments of the Board of Directors, the CEOs and his deputy [1)]	**1,383,613.83**	1,590,150.01
Other wages and salaries	**29,450,475.85**	36,922,727.53
Pension expenses	**5,726,009.18**	6,452,577.08
Other personnel expenses	**982,788.39**	2,163,773.15
Total	**37,542,887.25**	47,129,227.77

1) The emolument of Kemira Oyj's CEOs was EUR 808,261 (964,566) including bonuses of EUR 157,039 (220,080). The emolument of Kemira Oyj's deputy CEO/deputy CEOs was EUR 219,869 (302,906) including bonuses of EUR 41,059 (83,511).

Other transactions between related parties are presented in Note 32 in the notes to the Consolidated Financial Statements.

	2014	2013
Personnel at 31 Dec		
Paper	**81**	76
Oil & Mining	**4**	7
Municipal & Industrial	**27**	27
ChemSolutions	**0**	19
Other, of which	**341**	404
R&D and Technology	**155**	165
Total	**453**	533
Personnel, average	**477**	561

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	2014	2013
Depreciation according to plan and impairment		
Intangible assets		
Intangible rights	**4,834,291.44**	3,635,828.84
Other intangible assets	**20,713,359.50**	25,643,458.14
Property, plant and equipment		
Buildings and constructions	**362,066.25**	794,455.99
Machinery and equipment	**4,914,283.63**	4,037,497.88
Other property, plant and equipment	**17,744.82**	19,478.12
Total	**30,841,745.64**	34,130,718.97
Change in difference between scheduled and actual depreciation (+ increase/ – decrease)		
Intangible rights	**-458,705.93**	-325,625.61
Other intangible assets	**-149,716.43**	1,616,655.07
Buildings and constructions	**19,287.23**	-261,802.02
Machinery and equipment	**-393,164.36**	-549,516.50
Other property, plant and equipment	**-4,177.43**	-5,080.91
Total	**-986,476.92**	474,630.03

7. FINANCE INCOME AND EXPENSES

	2014	2013
Dividend income		
From the Group companies	**8,991,145.63**	228,752,265.99
From others	**175,975.00**	154,505.00
Total	**9,167,120.63**	228,906,770.99
Interest income		
From the Group companies	**9,681,422.78**	7,423,847.20
From others	**3,146,732.00**	3,202,488.25
Total	**12,828,154.78**	10,626,335.45
Interest expenses		
To the Group companies	**-1,912,944.65**	-3,380,959.23
To others	**-17,699,696.98**	-9,994,736.75
Total	**-19,612,641.63**	-13,375,695.98
Other finance income		
From the Group companies	**378,553.58**	402,780.49
Total	**378,553.58**	402,780.49
Other finance expenses		
From the Group companies	**-2,417,546.00**	-80,190,383.53
From others	**-7,284,274.00**	-1,937,072.14
Total	**-9,701,820.00**	-82,127,455.67
Exchange gains and losses		
From the Group companies	**36,587,523.39**	-17,242,373.28
From others	**-38,982,187.97**	19,855,981.79
Total	**-2,394,664.58**	2,613,608.51
Total finance income and expenses	**-9,335,297.22**	147,046,343.79
Exchange gains and losses		
Realized	**-12,148,327.45**	8,679,990.78
Unrealized	**9,753,662.87**	-6,066,382.27
Total	**-2,394,664.58**	2,613,608.51

In 2014, other finance expenses from the Group companies include impairment of subsidiary shares of EUR 2.4 million (80.2).

8. EXTRAORDINARY ITEMS

	2014	2013
Extraordinary income		
Group contributions received	**4,051,000.00**	10,760,000.00
Total	**4,051,000.00**	10,760,000.00
Total extraordinary income and expenses	**4,051,000.00**	10,760,000.00

9. INCOME TAXES

	2014	2013
(income +, expense –)		
Income taxes, current year	**0.00**	-2,471,764.65
Income taxes, previous years	**163,500.00**	-1,700.00
Deferred taxes	**42,433.63**	-3,336,434.43
Other taxes	**-332,527.84**	0.00
Total	**-126,594.21**	-5,809,899.08

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10. INTANGIBLE ASSETS

2014	Intangible rights	Goodwill	Prepayments and non-current assets under construction	Other intangible assets	Total
Acquisition cost at 1 Jan	34,370,936.21	6,181,419.27	6,780,139.27	188,423,280.17	**235,755,774.92**
Additions	7,124,145.34		7,126,959.94	54,099.84	**14,305,205.12**
Decreases	-1,497,105.36			-2,686,289.27	**-4,183,394.63**
Transfers	4,051,087.48		-4,092,087.48	41,000.00	**0.00**
Acquisition cost at 31 Dec	44,049,063.67	6,181,419.27	9,815,011.73	185,832,090.74	**245,877,585.41**
Accumulated amortization at 1 Jan	-16,294,169.33	-6,181,419.27	0.00	-112,315,884.96	**-134,791,473.56**
Accumulated amortization relating to decreases and transfers	732,472.43			460,229.44	**1,192,701.87**
Amortization and impairment during the financial year	-4,834,291.44			-20,713,359.50	**-25,547,650.94**
Accumulated amortization at 31 Dec	-20,395,988.34	-6,181,419.27	0.00	-132,569,015.02	**-159,146,422.63**
Net book value at 31 Dec	**23,653,075.33**	**0.00**	**9,815,011.73**	**53,263,075.72**	**86,731,162.78**

2013	Intangible rights	Goodwill	Prepayments and non-current assets under construction	Other intangible assets	Total
Acquisition cost at 1 Jan	30,537,920.84	6,181,419.27	4,251,126.95	178,649,425.58	219,619,892.64
Additions	3,414,234.85		3,051,448.43	9,729,646.04	16,195,329.32
Decreases	-10,447.04				-10,447.04
Transfers	429,227.56		-522,436.11	44,208.55	-49,000.00
Acquisition cost at 31 Dec	34,370,936.21	6,181,419.27	6,780,139.27	188,423,280.17	235,755,774.92
Accumulated amortization at 1 Jan	-12,668,787.53	-6,181,419.27	0.00	-86,672,426.82	-105,522,633.62
Accumulated amortization relating to decreases and transfers	10,447.04				10,447.04
Amortization and impairment during the financial year	-3,635,828.84			-25,643,458.14	-29,279,286.98
Accumulated amortization at 31 Dec	-16,294,169.33	-6,181,419.27	0.00	-112,315,884.96	-134,791,473.56
Net book value at 31 Dec	18,076,766.88	0.00	6,780,139.27	76,107,395.21	100,964,301.36

11. PROPERTY, PLANT AND EQUIPMENT

2014	Land and water areas	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	Total
Acquisition cost at 1 Jan	357,207.18	25,579,284.49	86,253,218.58	567,573.82	4,705,746.62	**117,463,030.69**
Additions	832,000.00		4,904,900.86		5,043,235.75	**10,780,136.61**
Decreases	-9,233.67	-8,527,735.02	-3,960,688.47			**-12,497,657.16**
Transfers			4,626,618.60		-4,626,618.60	**0.00**
Acquisition cost at 31 Dec	1,179,973.51	17,051,549.47	91,824,049.57	567,573.82	5,122,363.77	**115,745,510.14**
Accumulated depreciation at 1 Jan	0.00	-18,875,277.81	-70,403,303.69	-444,979.63	0.00	**-89,723,561.13**
Accumulated depreciation relating to decreases and transfers		6,425,255.43	1,981,556.44			**8,406,811.87**
Depreciation and impairment during the financial year		-362,066.25	-4,914,283.63	-17,744.82		**-5,294,094.70**
Accumulated depreciation at 31 Dec	0.00	-12,812,088.63	-73,336,030.88	-462,724.45	0.00	**-86,610,843.96**
Net book value at 31 Dec	**1,179,973.51**	**4,239,460.84**	**18,488,018.69**	**104,849.37**	**5,122,363.77**	**29,134,666.18**

2013	Land and water areas	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	Total
Acquisition cost at 1 Jan	413,551.22	25,381,555.82	81,336,516.45	567,573.82	1,229,873.83	108,929,071.14
Additions		197,728.67	3,720,230.10		4,705,746.62	8,623,705.39
Decreases	-56,344.04		-82,401.80			-138,745.84
Transfers			1,278,873.83		-1,229,873.83	49,000.00
Acquisition cost at 31 Dec	357,207.18	25,579,284.49	86,253,218.58	567,573.82	4,705,746.62	117,463,030.69
Accumulated depreciation at 1 Jan	0.00	-18,080,821.82	-66,402,307.39	-425,501.51	0.00	-84,908,630.72
Accumulated depreciation relating to decreases and transfers			36,501.58			36,501.58
Depreciation and impairment during the financial year		-794,455.99	-4,037,497.88	-19,478.12		-4,851,431.99
Accumulated depreciation at 31 Dec	0.00	-18,875,277.81	-70,403,303.69	-444,979.63	0.00	-89,723,561.13
Net book value at 31 Dec	357,207.18	6,704,006.68	15,849,914.89	122,594.19	4,705,746.62	27,739,469.56

12. INVESTMENTS

2014	Group company shares	Investments in associated companies	Other shares	Total
Book value at 1 Jan	1,521,871,906.66	0.00	140,284,625.87	**1,662,156,532.53**
Additions	50,979,300.74		4,285,008.00	**55,264,308.74**
Decreases and transfers			-84,093.94	**-84,093.94**
Impairments	-2,417,546.00		-380,180.00	**-2,797,726.00**
Net book value at 31 Dec	**1,570,433,661.40**	**0.00**	**144,105,359.93**	**1,714,539,021.33**

2013	Group company shares	Investments in associated companies	Other shares	Total
Book value at 1 Jan	1,582,549,112.46	98,987,988.91	136,249,905.46	1,817,787,006.83
Additions	24,218,481.57		4,084,808.00	28,303,289.57
Decreases and transfers	-4,705,303.84	-98,987,988.91	-50,087.59	-103,743,380.34
Impairments	-80,190,383.53			-80,190,383.53
Net book value at 31 Dec	1,521,871,906.66	0.00	140,284,625.87	1,662,156,532.53

Associated companies are disclosed in Note 8 in the Notes to the Consolidated Financial Statements.

13. INVENTORIES

	2014	2013
Raw materials and supplies	**22,568,316.21**	20,193,863.06
Finished goods	**50,663,105.55**	56,425,446.65
Prepayments	**4,052,252.90**	2,654,233.35
Total	**77,283,674.66**	79,273,543.06

14. RECEIVABLES

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	2014	2013
Non-current receivables		
Interest-bearing non-current receivables		
Loan receivables		
Loan receivables from the Group companies	159,607,421.47	133,643,564.92
Loan receivables from others	0.00	350,000.00
Other non-current investments	2,294,308.65	2,294,308.65
Total interest-bearing non-current receivables	161,901,730.12	136,287,873.57
Interest-free non-current receivables		
Deferred taxes	20,349,373.55	20,909,024.83
Total interest-free non-current receivables	20,349,373.55	20,909,024.83
Total non-current receivables	182,251,103.67	157,196,898.40
Current receivables		
Interest-bearing current receivables		
Loan receivables from the Group companies	65,942,296.74	116,095,524.83
Total interest-bearing current receivables	65,942,296.74	116,095,524.83
Interest-free current receivables		
Advances paid		
To the Group companies	18,240,121.02	18,240,121.02
To others	0.00	30,093.56
Total	18,240,121.02	18,270,214.58
Trade receivables		
From the Group companies	32,169,987.28	24,285,788.94
From others	116,488,277.14	129,544,226.59
Total	148,658,264.42	153,830,015.53
Accrued income		
From the Group companies	7,560,921.40	15,562,546.77
From others	15,607,117.91	6,659,439.89
Total	23,168,039.31	22,221,986.66
Other short-term interest-free receivables		
From the Group companies	-2,363.13	0.00
From others	12,916,607.05	11,629,618.23
Total	12,914,243.92	11,629,618.23
Total interest-free current receivables	202,980,668.67	205,951,835.00
Total current receivables	268,922,965.41	322,047,359.83
Total receivables	451,174,069.08	479,244,258.23

	2014	2013
Accrued income		
Interests	6,096,199.24	982,316.92
Taxes	1,351,783.69	0.00
Exchange differences	4,172,319.25	5,236,071.93
Group contributions	4,051,000.00	10,760,000.00
Other	7,496,737.13	5,243,597.81
Total	23,168,039.31	22,221,986.66

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15. MONEY-MARKET INVESTMENTS – CASH EQUIVALENTS

	2014	2013
Money-market investments		
Carrying amount	22,910,617.10	2,785,859.04
Fair value	22,910,617.10	2,785,859.04
Difference	0.00	0.00

Money-market investments include company's short-term investments.

16. EQUITY

	2014	2013
Restricted equity		
Share capital at 1 Jan	221,761,727.69	221,761,727.69
Share capital at 31 Dec	221,761,727.69	221,761,727.69
Share premium at Jan 1	257,877,731.94	257,877,731.94
Share premium at 31 Dec	257,877,731.94	257,877,731.94
Fair value reserve at 1 Jan	-5,079,068.12	-2,282,814.00
Fair value reserve at 31 Dec	-2,963,940.82	-5,079,068.12
Total restricted equity at 31 Dec	476,675,518.81	474,560,391.51
Unrestricted equity reserve		
Unrestricted equity reserve at 1 Jan	199,963,876.20	199,963,876.20
Unrestricted equity reserve at 31 Dec	199,963,876.20	199,963,876.20
Retained earnings at 1 Jan 1)	482,015,069.17	421,370,378.27
Net profit for the period	-1,279,153.97	141,177,720.18
Dividends paid	-80,582,022.03	-80,577,701.47
Share-based incentive plan		
Shares given	108,816.68	94,400.16
Shares returned	-	-49,727.97
Retained earnings and net profit for the period at 31 Dec	400,262,709.85	482,015,069.17
Total unrestricted equity at 31 Dec	600,226,586.05	681,978,945.37
Total equity at 31 Dec	1,076,902,104.86	1,156,539,336.88
Total distributable funds at 31 Dec	600,226,586.05	681,978,945.37

1) The company owns 3,291,185 treasury shares, the acquisition value of which totals EUR 22,154,179.13.

Change in treasury shares	EUR	Number of shares
Acquisition value/number at Jan 1, 2014	22,220,274.46	3,301,006
Change	-66,095.33	-9,821
Acquisition value/number at Dec 31, 2014	22,154,179.13	3,291,185

17. APPROPRIATIONS

	2014	2013
Appropriations		
Appropriations in the balance sheets are as follows:		
Buildings and constructions	1,109,717.01	2,393,142.97
Machinery and equipment	4,426,525.32	4,825,018.76
Other property, plant and equipment	31,806.40	35,983.83
Intangible rights	-397,285.16	104,825.49
Other non-current expenditures	3,811,171.65	3,960,888.08
Total	8,981,935.22	11,319,859.13
Change in appropriations		
Appropriations at 1 Jan	11,319,859.13	10,845,229.10
Business transfers	-1,351,446.99	0.00
Change in untaxed reserves in income statement	-986,476.92	474,630.03
Appropriations at 31 Dec	8,981,935.22	11,319,859.13

On December 31, 2014, deferred tax liabilities on accumulated appropriations were EUR 1.8 million (2.3).

18. OBLIGATORY PROVISIONS

	2014	2013
Non-current provisions		
Pension provisions	6,187,127.00	6,106,698.22
Other obligatory provisions		
Environmental and damage provisions	10,473,637.24	13,122,537.05
Restructuring provisions	1,109,513.20	1,564,265.20
Total other obligatory provisions	11,583,150.44	14,686,802.25
Total non-current provisions	17,770,277.44	20,793,500.47
Current provisions		
Other obligatory provisions		
Personnel related provisions	1,682,772.54	4,757,993.80
Restructuring provisions	454,752.00	454,752.00
Total current provisions	2,137,524.54	5,212,745.80
Total provisions	19,907,801.98	26,006,246.27
Change in obligatory provisions		
Obligatory provisions at 1 Jan	26,006,246.27	17,246,839.53
Decrease of provisions during the year	-4,137,610.84	-5,491,908.33
Provisions reversed during the year	-2,060,833.45	-260,346.93
Increase during financial year	100,000.00	14,511,662.00
Obligatory provisions at 31 Dec	19,907,801.98	26,006,246.27

19. NON-CURRENT INTEREST-BEARING LIABILITIES

	2014	2013
Loans from financial institutions	**161,480,632.19**	193,707,306.23
Loans from the Group companies	**0.00**	75,000,000.00
Other non-current liabilities	**221,423,368.00**	21,423,368.00
Total	**382,904,000.19**	290,130,674.23
Long-term interest-bearing liabilities maturing in		
2016 (2015)	**32,740,584.95**	82,835,584.95
2017 (2016)	**32,740,584.95**	32,835,584.95
2018 (2017)	**23,826,696.07**	32,835,584.95
2019 (2018) or later	**293,596,134.22**	141,623,919.38
Total	**382,904,000.19**	290,130,674.23
Interest-bearing liabilities maturing in 5 years or more		
Loans from financial institutions	**62,272,766.22**	45,200,551.38
Loans from the Group companies	**0.00**	75,000,000.00
Other non-current liabilities	**231,323,368.00**	21,423,368.00
Total	**293,596,134.22**	141,623,919.38

Other non-current liabilities include EUR 200 million bond, which matures on May 27, 2019.

20. CURRENT LIABILITIES

	2014	2013
Interest-bearing current liabilities		
Loans from financial institutions	**84,415,495.01**	33,154,048.77
Other interest-bearing current liabilities		
To the Group companies	**663,613,458.90**	497,616,799.80
To others	**28,748,687.54**	181,674,503.01
Total interest-bearing current liabilities	**776,777,641.45**	712,445,351.58
Interest-free current liabilities		
Prepayments received		
From the Group companies	**136,764.13**	136,764.13
From others	**2,032,541.64**	835,620.60
Total	**2,169,305.77**	972,384.73
Trade payables		
To the Group companies	**45,289,257.81**	49,583,889.32
To others	**60,613,842.32**	80,104,063.83
Total	**105,903,100.13**	129,687,953.15
Accrued expenses		
To the Group companies	**5,452,509.31**	84,290,304.94
To others	**57,736,220.20**	48,817,748.37
Total	**63,188,729.51**	133,108,053.31
Total other interest-free liabilities	**7,774,197.75**	6,868,733.86
Total interest-free current liabilities	**179,035,333.16**	270,637,125.05
Total current liabilities	**955,812,974.61**	983,082,476.63
Accrued expenses		
Salaries	**5,806,658.44**	6,286,971.04
Interests and exchange differences	**15,946,607.10**	93,206,751.28
Other	**41,435,463.97**	33,614,330.99
Total	**63,188,729.51**	133,108,053.31

21. COLLATERAL AND CONTINGENT LIABILITIES

	2014	2013
Guarantees		
On behalf of the Group companies		
For loans	**284,877,246.00**	311,044,261.00
For other obligations	**48,391,309.00**	70,109,579.00
On behalf of others	**2,838,864.00**	2,847,229.00
Total	**336,107,419.00**	384,001,069.00
Leasing liabilities		
Maturity within one year	**4,917,200.00**	5,228,278.00
Maturity after one year	**16,686,243.00**	21,000,189.00
Total	**21,603,443.00**	26,228,467.00

Environmental risks and liabilities are disclosed in Note 31 in the Notes to the Consolidated Financial Statements.

Note
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22. SHARES AND HOLDINGS OF KEMIRA OYJ

Shares in subsidiaries	Group holding %	Kemira Oyj holding %
AS Kemivesi	100.00	100.00
Kemira Argentina S.A.	100.00	15.80
Kemira Asia Pacific Pte. Ltd.	100.00	100.00
Kemira Cell Sp. z.o.o.	55.00	55.00
Kemira Chemicals (Nanjing) Co., Ltd.	100.00	100.00
Kemira Chemicals (Shanghai) Co.,Ltd.	100.00	100.00
Kemira Chemicals (UK) Ltd.	100.00	100.00
Kemira Chemicals (Yanzhou) Co.,Ltd.	100.00	100.00
Kemira Chemicals Brasil Ltda	100.00	99.87
Kemira Chemicals Canada Inc.	100.00	100.00
Kemira Chemicals Germany GmbH	100.00	100.00
Kemira Chemicals India Private Ltd.	99.99	99.99
Kemira Chemie Ges.mbH	100.00	100.00
Kemira Chile Comercial Limitada	100.00	99.00
Kemira de Mexico S.A. de C.V.	100.00	100.00
Kemira Europe Oy	100.00	100.00
Kemira Germany GmbH	100.00	100.00
Kemira GrowHow A/S	100.00	100.00
Kemira Hong Kong Company Limited	100.00	100.00
Kemira Korea Corporation	100.00	100.00
Kemira KTM d.o.o.	100.00	100.00
Kemira Nederland Holding B.V.	100.00	100.00
Kemira Operon Oy	100.00	100.00
Kemira Świecie Sp. z o.o.	100.00	100.00
Kemira Water Danmark A/S	100.00	100.00
Kemira Water Solutions Brasil -Produtos para tratamento de agua Ltda.	100.00	100.00
PT Kemira Indonesia	100.00	75.00
Ruoholahden Kuusenkerkkä Oy	100.00	100.00

SHARES AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

On December 31, 2014, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the general meeting. Kemira Oyj's shares are registered in the book-entry system maintained by Euroclear Finland Ltd.

SHAREHOLDERS

At the end of 2014, Kemira Oyj had 33,164 registered shareholders (30,640). Foreign shareholding of Kemira Oyj shares decreased 13% during the year and was 18.9% of the shares (21.6%), including nominee-registered holdings. Households owned 16.1% of the shares (14.9%). At year-end, Kemira held 3,291,185 treasury shares (3,301,006), representing 2.1% (2.1%) of all company shares. A list of Kemira's largest shareholders is updated monthly and can be found on the company website at www.kemira.com/investors.

LISTING AND TRADING

Kemira Oyj's shares are listed on NASDAQ OMX Helsinki. The trading code for the shares is KRA1V and the ISIN code is FI0009004824.

Kemira Oyj's share closed at EUR 9.89 at the NASDAQ OMX Helsinki at the end of 2014 (2013:12.16). The share price decreased 19% during the year while OMX Helsinki Cap index increased 6%. STOXX Chemicals (Europe), chemical sector benchmark index for Kemira increased 5% in 2014 (2013: 15%). Shares registered a high of EUR 12.27 (13.02) and a low of EUR 9.11 (10.55). The average share price of Kemira decreased 8% and was EUR 10.87 (11.76).

Kemira's market capitalization, excluding treasury shares, was EUR 1,504 million at the end of the year 2014 (2013: 1,849).

In 2014, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki increased 15% to 75 million (2013: 65) shares. Share turnover value increased 7% and was EUR 809.6 million (757.2). The average daily trading volume was 300,072 (259,748) shares. On NASDAQ OMX Helsinki stock exchange, the total trading volume increased 22% in 2014 to EUR 116.2 billion (95.3).

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at BATS Chi-X and Turquoise. In 2014, a total of 29 million (28) Kemira Oyj shares were traded at alternative market places, i.e. approximately 28% (30%) of the total amount of traded shares executed on-book. (Source: Fidessa)

The total amount of traded Kemira shares, including trade on NASDAQ OMX Helsinki and multilateral trading facilities increased 12% in 2014 compared to 2013.

Up-to-date information on Kemira's share price is available on the company's website at www.kemira.com/investors.

DIVIDEND POLICY AND DIVIDEND DISTRIBUTION

Kemira dividend policy aims at paying a stable and competitive dividend.

The company's Board of Directors will propose to the Annual General Meeting that a per share dividend of EUR 0.53 (0.53) totaling EUR 81 million (81) be paid for the financial year 2014, accounting for a dividend payout of about 84% (76%) of the operative net income. The Annual General Meeting will be held March 23, 2015. The dividend ex-date is March 24, 2015, dividend record date March 25, 2015, and payout April1, 2015.

In 2014, a dividend of EUR 0.53 per share was paid for the financial year that ended December 31, 2013. The dividend record date was March 27, 2014, and the payment (EUR 81 million in total) date April 3, 2014.

BOARD AUTHORIZATIONS

The Annual General Meeting on March 24, 2014 authorized the Board of Directors to decide upon repurchase of a maximum of 4,500,000 company's own shares ("Share repurchases authorization"). Shares will be repurchased by using unrestricted equity either through a tender offer with equal terms to all shareholders at a price determined by the Board of Directors or otherwise than in proportion to the existing shareholdings of the company's shareholders in public trading on the NASDAQ OMX Helsinki Ltd (the "Helsinki Stock Exchange") at the market price quoted at the time of the repurchase. The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period.

Shares shall be acquired and paid for in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd. Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the company’s capital structure, improving the liquidity of the company’s shares or to be used for the payment of the annual fee payable to the members of the Board of Directors or implementing the company’s share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the company. The Board of Directors will decide upon other terms related to share repurchases. The share repurchase authorization is valid until the end of the next Annual General Meeting. The Board had not exercised its authorization by December 31, 2014.

The AGM authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 company's own shares held by the company (“Share issue authorization”). The new shares may be issued and the company’s own shares held by the company may be transferred either for consideration or without consideration. The new shares may be issued and the company's own shares held by the company may be transferred to the company’s shareholders in proportion to their current shareholdings in the company, or by displaying the shareholders’ pre-emption right, through a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the capital structure of the company, improving the liquidity of the company’s shares or if this is justified for the payment of the annual fee payable to the members of the Board of Directors or implementing the company’s share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the implementation of the company’s share-based incentive plan. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors will decide upon other terms related to the share issues. The share issue authorization is valid until May 31, 2015. The share issue authorization has been used in connection with the Board of Directors remuneration.

MANAGEMENT SHAREHOLDING

The members of the Board of Directors as well as the President and CEO and his Deputy held 396,108 (December 31, 2013: 311,478) Kemira Oyj shares on December 31, 2014, or 0.25% (0.20%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Jari Rosendal, President and CEO, held 10,000 shares on December 31, 2014. Board members are not covered by the share-based incentive plan. Members of the Management Boards, excluding the President and CEO and his Deputy, held a total of 103,590 shares on December 31, 2014 (274,911), representing 0.07% (0.18%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Up-to-date information regarding the shareholdings of the Board of Directors and Management is available at Kemira’s website at www.kemira.com/investors.

LARGEST SHAREHOLDERS DECEMBER 31, 2014

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	28,278,217	18.2
2	Solidium Oy	25,896,087	16.7
3	Varma Mutual Pension Insurance Company	8,164,836	5.3
4	Ilmarinen Mutual Pension Insurance Company	5,000,451	3.2
5	Nordea funds	4,255,825	2.7
6	Mandatum Life	1,704,647	1.1
7	Pohjola Fund Management	1,526,092	1.0
8	Danske Invest Funds	1,138,946	0.7
9	The State Pension Fund	1,090,000	0.7
10	Veritas Pension Insurance Company Ltd.	923,917	0.6
11	Sigrid Jusélius Foundation	730,000	0.5
12	Aktia Funds	620,148	0.4
13	Etera Mutual Pension Insurance Company	609,331	0.4
14	Kaleva Mutual Insurance Company	603,337	0.4
15	The Local Government Pensions Institution	426,482	0.3
	Kemira Oyj	3,291,185	2.1
	Nominee-registered and foreign shareholders	29,389,833	18.9
	Others, total	41,693,223	26.8
	Total	**155,342,557**	**100.0**

SHAREHOLDING BY NUMBER OF SHARES HELD DECEMBER 31, 2014

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	7,043	21.2	441,763	0.3
101–500	14,397	43.4	3,934,243	2.5
501–1,000	5,400	16.3	4,096,417	2.6
1,001–5,000	5,276	15.9	10,831,160	7.0
5,001–10,000	545	1.6	3,963,162	2.6
10,001–50,000	369	1.1	7,255,195	4.7
50,001–100,000	51	0.2	3,863,347	2.5
100,001–500,000	64	0.2	13,004,272	8.4
500,001–1,000,000	7	0.0	4,784,522	3.1
1,000,001–	12	0.0	103,168,476	66.4
Total	**33,164**	**100.0**	**155,342,557**	**100.0**

BOARD PROPOSAL FOR PROFIT DISTRIBUTION

On December 31, 2014, Kemira Oyj's distributable funds totaled EUR 600,226,586 of which net profit for the period accounted for EUR -1,279,154.

No material changes have taken place in the company's financial position after the balance sheet date.

The Board proposes to the Annual General Meeting that distributable funds would be allocated as follows:
- Distributing a per-share dividend of EUR 0.53 for the financial year, or a total of EUR 80,587,227.
- Retaining EUR 519,639,359 under unrestricted equity.

Helsinki, February 9, 2015

Jari Paasikivi
Chairman

Kerttu Tuomas
Vice Chairman

Winnie Fok

Juha Laaksonen

Wolfgang Büchele

Timo Lappalainen

Jari Rosendal
CEO

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF KEMIRA OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Kemira Oyj for the financial period 1.1.–31.12.2014. The financial statements comprise of the consolidated income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Helsinki, 9 February 2015

Deloitte & Touche Oy
Authorized Public Audit Firm

Jukka Vattulainen
Authorized Public Accountant

94 Quarterly Earnings Performance (EUR million)

QUARTERLY EARNINGS PERFORMANCE

(The figures are unaudited)

	2014					2013				
	1–3	4–6	7–9	10–12	Total	1–3	4–6	7–9	10–12	Total
Revenue										
Paper 1)	280.4	282.0	300.6	307.0	1,170.0	267.9	278.0	283.7	283.2	1,112.8
Oil & Mining	92.0	97.6	95.9	96.7	382.2	76.3	79.9	76.8	78.5	311.5
Municipal & Industrial	137.7	138.6	145.0	143.4	564.7	164.8	178.0	164.2	152.4	659.4
ChemSolutions 1)	19.8	-	-	-	19.8	51.9	33.4	29.0	31.1	145.4
Total	529.9	518.2	541.5	547.1	2,136.7	560.9	569.3	553.7	545.2	2,229.1
EBITDA										
Paper 1)	30.7	7.5	34.0	37.7	109.9	29.1	17.3	30.6	21.4	98.4
Oil & Mining	8.9	11.2	11.7	14.4	46.2	8.0	5.4	8.0	3.2	24.6
Municipal & Industrial	2.6	16.1	21.5	21.1	61.3	13.0	16.8	9.8	-40.1	-0.5
ChemSolutions 1)	35.5	-	-	-	35.5	11.0	2.1	2.0	4.3	19.4
Total	77.7	34.8	67.2	73.2	252.9	61.1	41.6	50.4	-11.2	141.9
EBIT										
Paper 1)	19.4	-5.1	20.9	22.4	57.6	17.4	-0.7	19.3	9.1	45.1
Oil & Mining	4.5	6.7	7.2	9.3	27.7	4.3	1.8	4.3	-3.9	6.5
Municipal & Industrial	-5.2	8.4	14.8	13.7	31.7	7.8	11.5	4.6	-47.3	-23.4
ChemSolutions 1)	35.6	-	-	-	35.6	9.7	0.7	0.8	3.2	14.4
Total	54.3	10.0	42.9	45.4	152.6	39.2	13.3	29.0	-38.9	42.6
Finance costs, net	-5.3	-8.5	-6.6	-10.3	-30.7	-24.7	-4.2	-2.4	-7.7	-39.0
Share of profit or loss of associates	0.0	0.0	0.0	0.2	0.2	-1.2	0.1	0.1	-0.1	-1.1
Profit before tax	49.0	1.5	36.3	35.3	122.1	13.3	9.2	26.7	-46.7	2.5
Income tax expense	-5.9	0.3	-9.3	-11.4	-26.3	-10.5	-5.5	-10.4	-2.0	-28.4
Net profit for the period	43.1	1.8	27.0	23.9	95.8	2.8	3.7	16.3	-48.7	-25.9
Net profit attributable to:										
Equity owners of the parent	41.9	0.2	25.3	22.5	89.9	1.8	2.2	14.5	-50.1	-31.6
Non-controlling interests	1.2	1.6	1.7	1.4	5.9	1.0	1.5	1.8	1.4	5.7
Net profit for the period	43.1	1.8	27.0	23.9	95.8	2.8	3.7	16.3	-48.7	-25.9
Earning per share, basic, EUR	0.28	0.00	0.16	0.15	0.59	0.01	0.02	0.09	-0.33	-0.21
Earning per share, diluted, EUR	0.28	0.00	0.16	0.15	0.59	0.01	0.02	0.09	-0.33	-0.21
Capital employed, rolling					1,427.7					1,493.0
Return on capital employed (ROCE), %					10.7%					2.8%

1) On March 2014, Kemira closed the divestment of formic acid business which had formed the major part of ChemSolutions segment. After the closure, the remaining sodium percarbonate business in ChemSolutions segment was transferred to Paper segment and ChemSolutions segment was discontinued as of the beginning of Q2 2014.

INFORMATION FOR INVESTORS

FINANCIAL REPORTS IN 2015

Kemira will publish three interim reports in 2015.
April 24, 2015: Interim report for January–March
July 22, 2015: Interim report for January–June
October 23, 2015: Interim report for January–September

The interim reports and related presentation material are available on Kemira's website at www.kemira.com/investors. Furthermore, Kemira's press releases, Annual Reports (incl. Corporate Responsibility Report and Financial Statements) and other investor information are also available on the website. On the site, visitors can register to receive press releases by email and order the company's Financial Statements. Financial Statements can also be ordered from Kemira Oyj, Group Communications, tel. +358 10 8611.

INVESTOR COMMUNICATIONS

The purpose of Kemira's investor communications is to provide capital markets with open and reliable information on the company and its operating environment in order to give market participants a factual overview of Kemira as an investment.

Kemira's investor communications aims to ensure that everyone operating in the markets has equal access to sufficient and correct information concerning the company, and to ensure that information is disclosed consistently and without delay.

Kemira Oyj is domiciled in Helsinki, Finland, and the company's shares are listed on NASDAQ OMX Helsinki. Kemira Oyj complies with the laws of Finland and the regulations of NASDAQ OMX Helsinki and Finland's Financial Supervisory Authority.

SILENT PERIOD

Kemira observes a 30-day silent period before issuing financial statements or interim reports. During the period, Kemira's representatives do not comment on Kemira's financial statements or interim reports for the ongoing reporting period the specific silent period relates to. The schedule for the silent period and publication of financial information and closed periods is displayed on Kemira's website under Investors > Investor Calendar. Kemira's Investor Relation function is responsible for keeping the calendar up-to-date.

ANNUAL GENERAL MEETING

Kemira's Annual General Meeting will be held on Monday, March 23, 2015 at 1.00 p.m. in Finlandia Hall, Mannerheimintie 13 e, Helsinki, Finland. A shareholder who on the record date of the Annual General Meeting, March 11, 2015, is registered in the company's shareholders' register maintained by Euroclear Finland Ltd, is entitled to attend and participate in the Annual General Meeting.

Registration to the Annual General Meeting begins on February 26, 2015 and registration instructions will be published on that day as a stock exchange release and at Kemira's web site at www.kemira.com > Investors > Corporate Governance > Annual General Meeting > Annual General Meeting 2015.

Kemira will release a stock exchange release on the Annual General Meeting's decisions immediately after the meeting.

DIVIDEND DISTRIBUTION

For dividend proposal, please see page 92.

CHANGE OF ADDRESS

Kemira's shareholders are kindly requested to report any change of address to the bank or brokerage firm in which they have their book-entry account. This will also update information in registers, maintained by Euroclear Finland Ltd, which Kemira uses to send mail to its shareholders. If the book-entry account is held by Finnish Central Securities Depository Ltd, changes of address should be reported there directly.

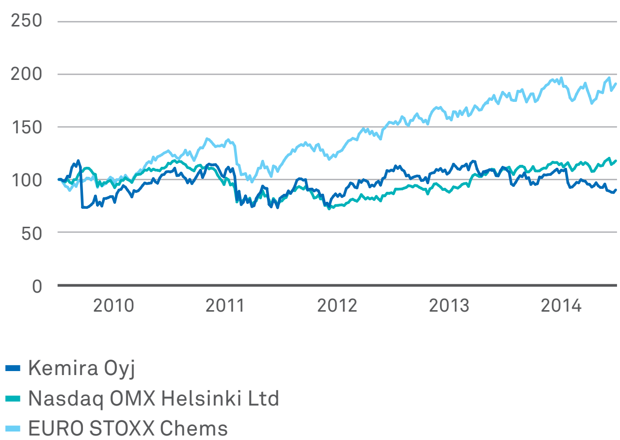
INVESTOR RELATIONS

Tero Huovinen, Vice President, Investor Relations
tel. +358 10 862 1980
e-mail: tero.huovinen@kemira.com

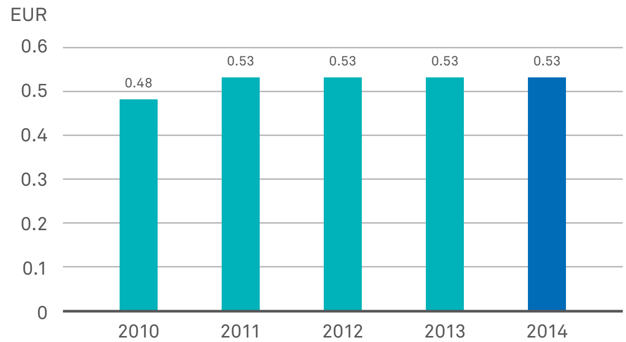
BASIC SHARE INFORMATION

Listed on: NASDAQ OMX Helsinki Ltd
Trading code: KRA1V
ISIN code: FI0009004824
Industry group: Materials
Industry: Chemicals
Number of shares on December 31, 2014: 155,342,557
Listing date: November 10, 1994

SHARE PRICE 2010–2014

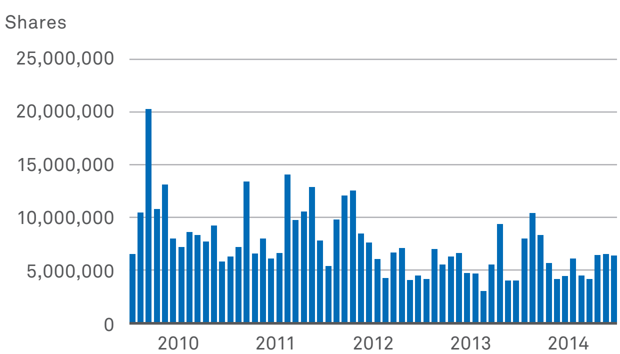


DIVIDEND PER SHARE [2)]

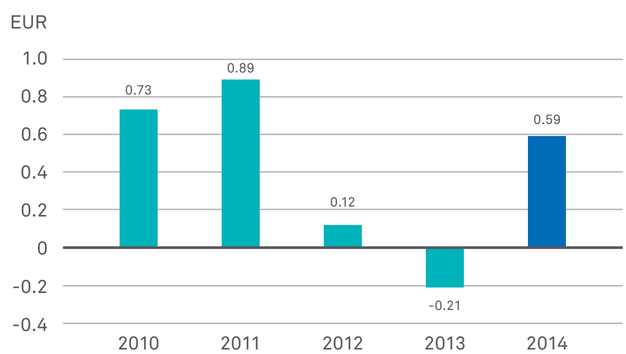


2) The dividend for 2014 is the Board of Director's proposal to the Annual General Meeting.

MONTHLY TRADING VOLUME ON NASDAQ OMX HELSINKI 2010–2014

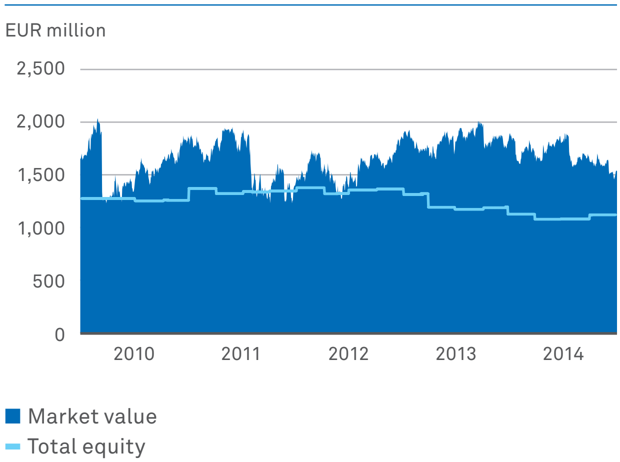


EARNINGS PER SHARE [1)]

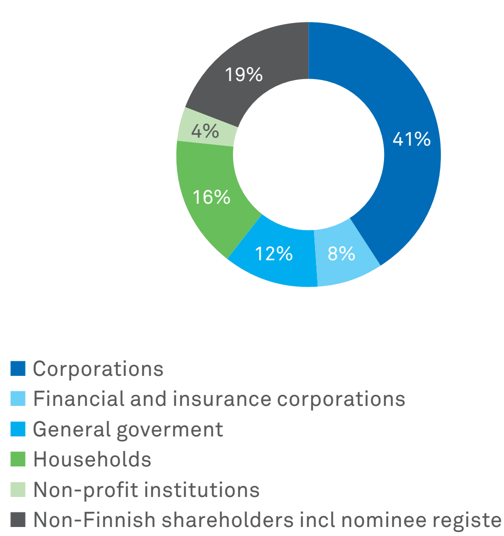


1) Excluding Tikkurila 2010

MARKET VALUE 2010–2014



OWNERSHIP DECEMBER 31, 2014

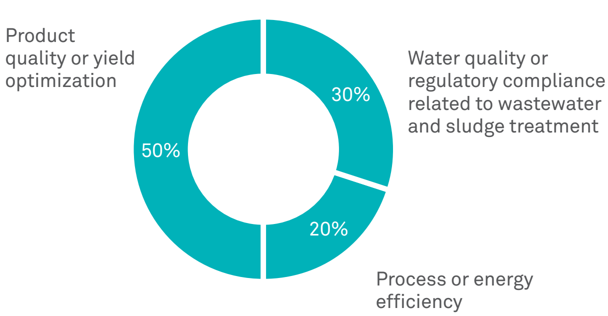


CREATING SUSTAINABLE VALUE
TO OUR CUSTOMERS IN WATER INTENSIVE INDUSTRIES

In 2014, Kemira's innovations and technologies enabled the production of:

- 600 BILLION BOXES FOR PACKAGING
- 150 BILLION COPIES OF MAGAZINES AND CATALOGUES
- 20 BILLION CARTONS OF MILK, JUICE OR OTHER LIQUIDS
- 1,500 MILLION BARRELS OF OIL AND GAS (MBOE)
- 17,000 MILLION M^3 PURIFIED WATER

KEMIRA REVENUE SPLIT BY CUSTOMER BENEFIT, %



Where water
meets chemistry™

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Fax +358 10 862 1119
www.kemira.com

Kemira is a global chemicals company serving customers in water-intensive industries. We provide expertise and tailored combinations of chemicals that improve our customers' water, energy and raw material efficiency. We focus on pulp & paper, oil & gas, mining and water treatment.