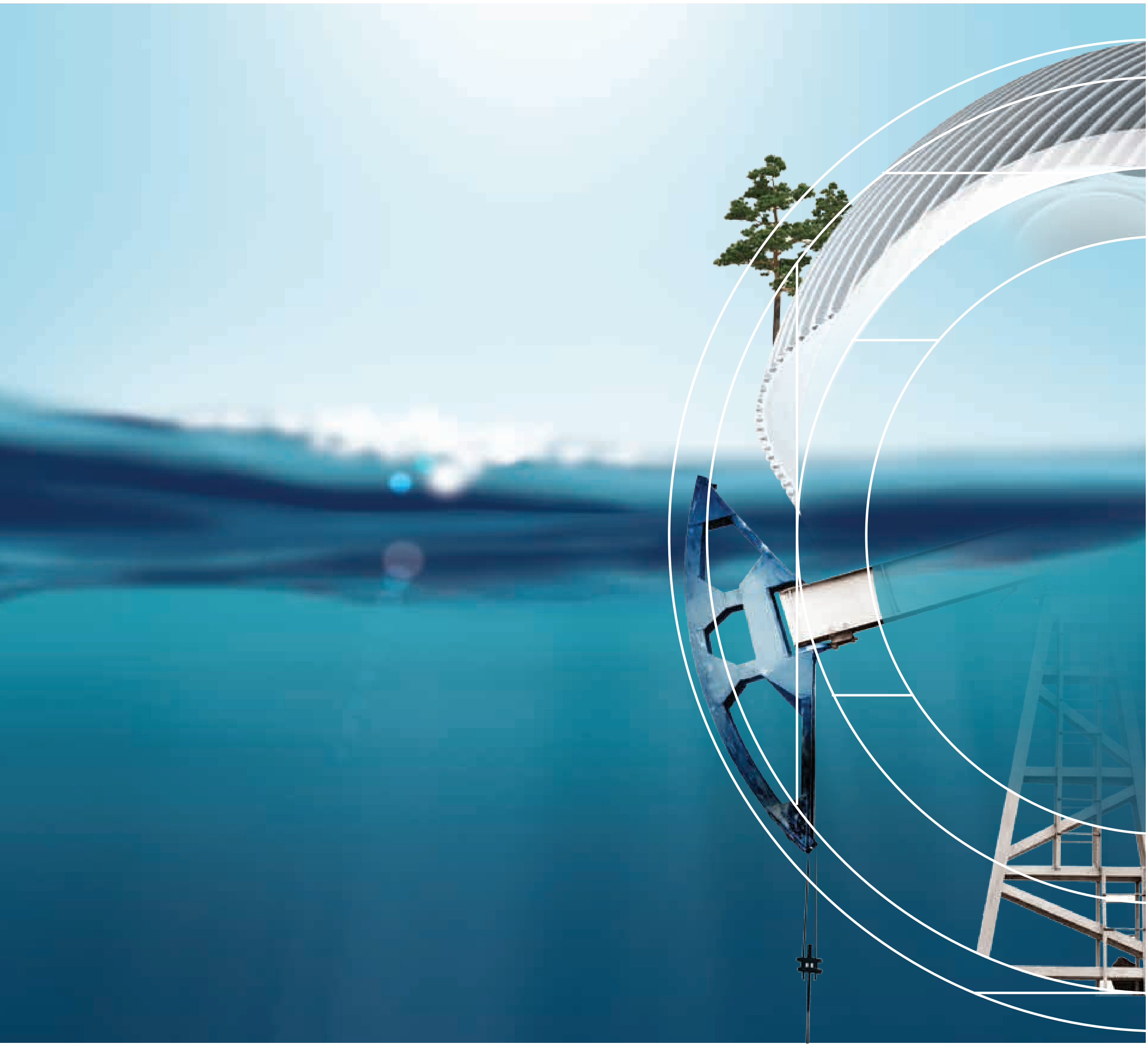
Kemira
Where water meets chemistry™



Annual Report 2015

The Kemira Annual Report 2015 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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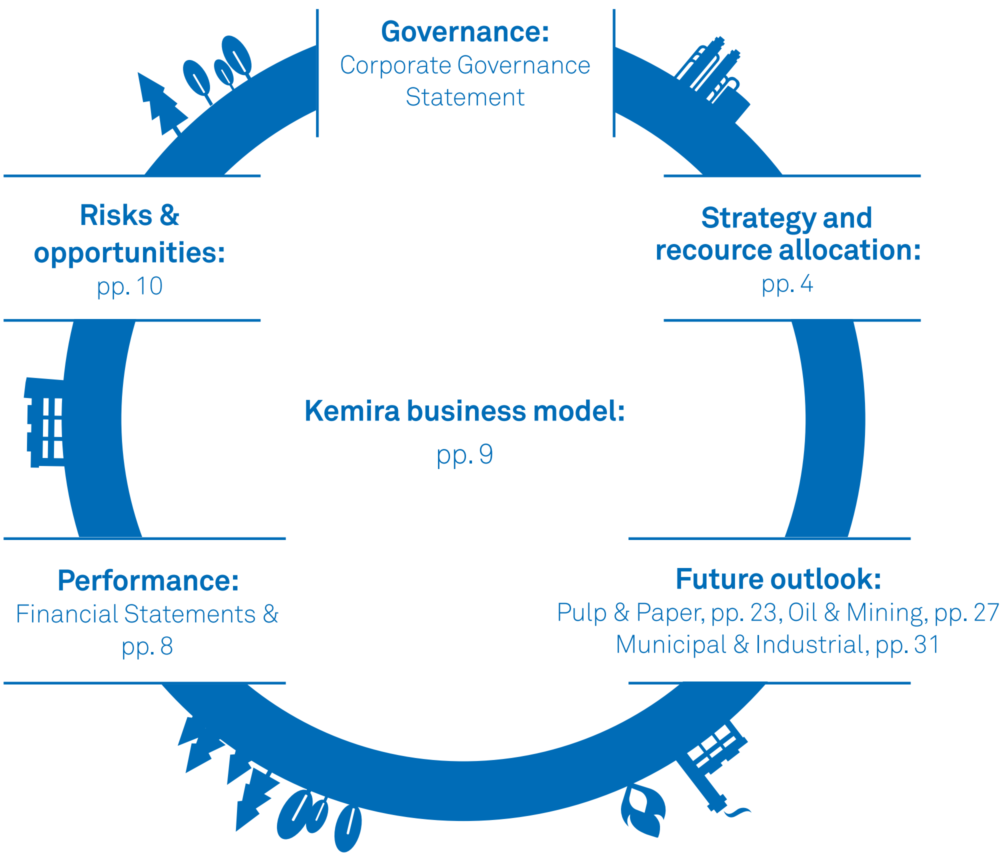
BUSINESS REPORT

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.

THE KEMIRA WAY: VALUE CREATION MODEL

VISION, VALUES: PP. 2



Kemira

IN BRIEF

Kemira is a global chemicals company serving customers in water-intensive industries. We provide expertise, application knowhow and chemicals that improve our customers' water, energy and raw material efficiency. Our focus is on pulp & paper, oil & gas, mining and water treatment.

THE AMERICAS 40%
EUR 936 million
1,578

KEMIRA VALUES

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

VISION

The first choice in chemistry for water intensive industries

BUSINESS SEGMENTS:

PULP & PAPER

A leading global bleaching, process and functional chemical supplier, #1–2 in all regions

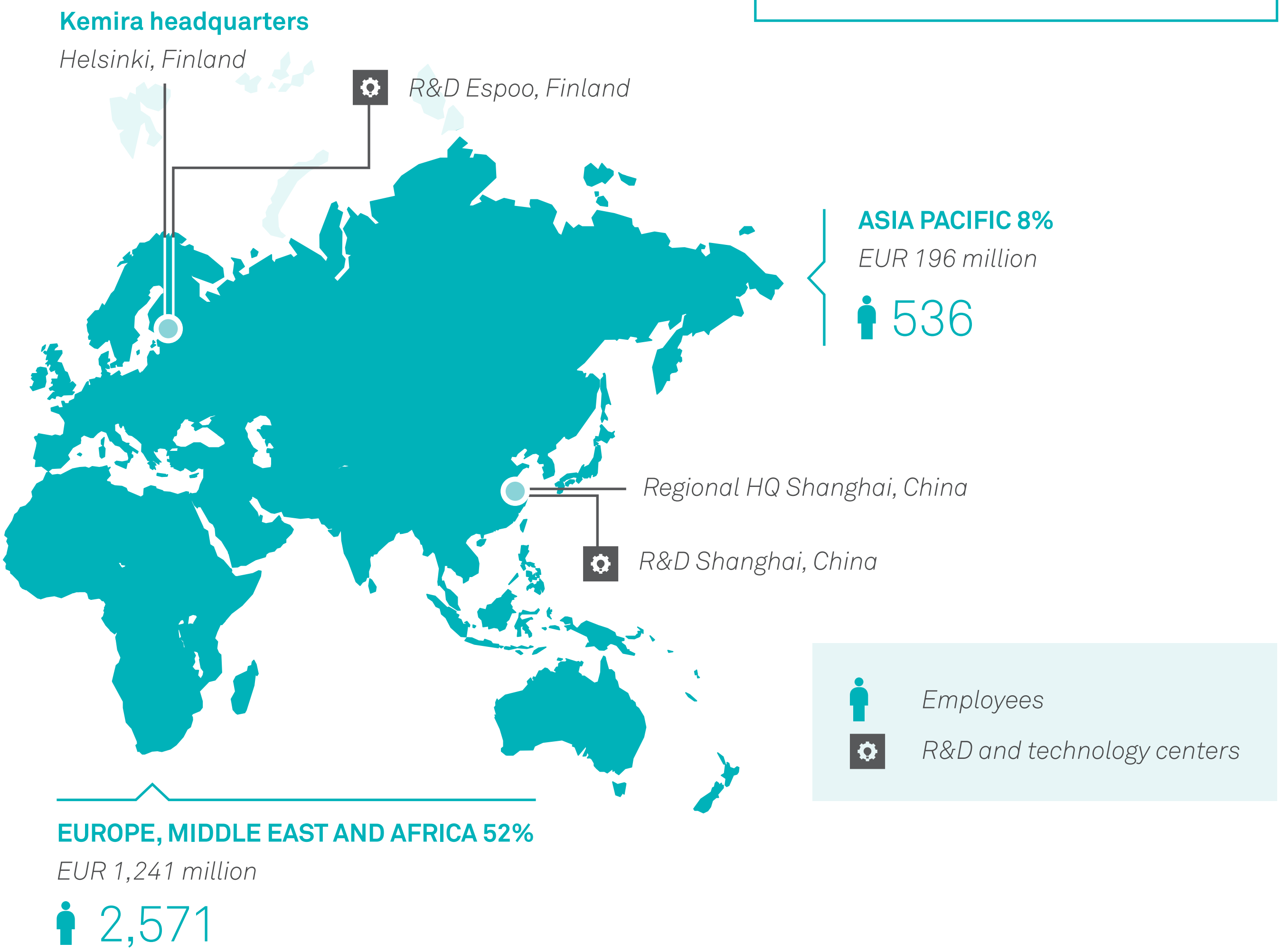
OIL & MINING

Growing chemical supplier to oil & gas and mining industries, #2 in global polyacrylamide polymers

MUNICIPAL & INDUSTRIAL

Market leader in raw and wastewater treatment chemicals, #1 in Europe and North America

- → REVENUE: EUR 2.4 (2.1) billion
- → OPERATIVE EBITDA: EUR 287.3 (252.9) million, 12.1% (11.8%)
- → EARNINGS PER SHARE: EUR 0.47
- → EMPLOYEES 4,685
- → MANUFACTURING NETWORK of 64 (59) sites, products sold in more than 100 countries
- → FINANCIAL TARGETS FOR 2017: EUR 2.7 billion revenue, operative EBITDA margin 15%, < 60% gearing
- → Headquartered in Helsinki, Finland, listed on the Nasdaq Helsinki Ltd.



THE

first choice

IN CHEMISTRY FOR WATER INTENSIVE INDUSTRIES

In 2015, Kemira delivered growth and improved operative EBITDA. Our strategy execution is on track, despite of substantial changes in the operating environment, such as the significant drop in crude oil prices and volatile currency exchange rates. Going forward, we aim for continued growth with improved profitability in our three segments: Pulp & Paper, Oil & Mining, and Municipal & Industrial.

Jari Rosendal I President and CEO

Our vision is to become "The first choice in chemistry for water intensive industries". To live up to this vision, we must excel in all areas of value creation: expertise, innovation, product performance and quality, sustainability and financial performance, customer satisfaction, employee engagement, and more. Our key stakeholders – customers, suppliers, shareholders & lenders and employees – expect long-term sustainable value creation capability from us.

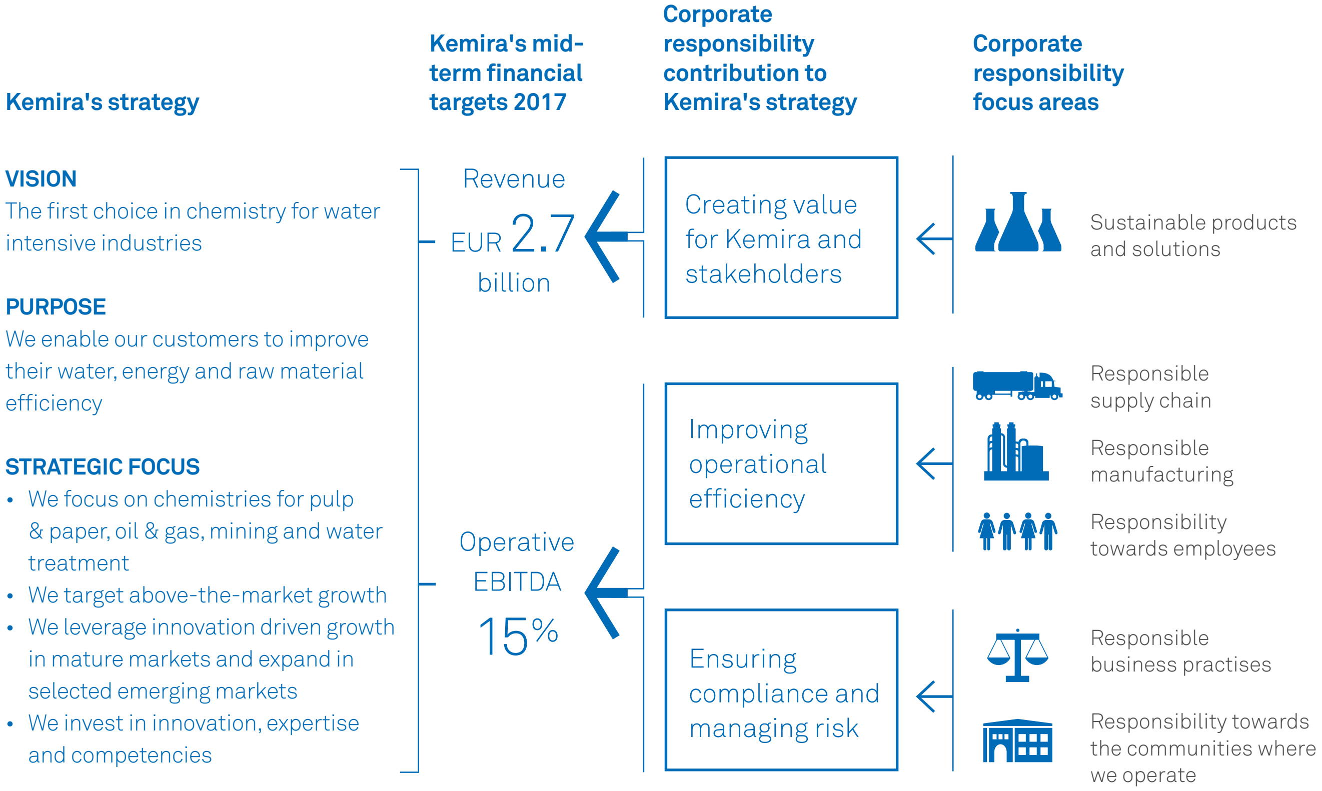
STRATEGIC PRIORITIES AND RESOURCE ALLOCATION

In 2015, we focused significant efforts on the Pulp & Paper (P&P) segment by executing both a larger scale acquisition of the AkzoNobel paper chemicals business as well as small bolt-on acquisitions. The integration is proceeding well, even exceeding our expectations. We have also continued to focus on organic growth in P&P by investing in capacity, R&D as well as sales and marketing. In addition, the segment continues to strive for improved profitability and is targeting two times the market growth with an EBITDA margin in line with the Group target going forward. In 2015, P&P represented 60% of Kemira's revenue.

In Oil & Mining (O&M), the market has been very challenging because of the significant drop in crude oil prices in 2015. As a consequence, we modified our main strategic focus, shifting growth efforts from the North American shale market towards the Chemical Enhanced Oil Recovery (CEOR) application that started to materialize faster than we expected. We won our first deals in CEOR in 2015. Naturally we also keep fighting in the shale markets, getting ready for the next up-cycle. Going into 2016, we will continue to focus resources on CEOR. We expect to return to growth despite the current low oil price levels. The drop in oil prices has also had positive impacts through lower raw material costs. Our business relating to water treatment in the mining sector showed some modest growth, as we were focusing more on the market. Overall, the O&M business represents some 15% of Kemira's revenue.

> OUR STRATEGY EXECUTION IS ON-TRACK: IN 2015, OUR REVENUE GREW BY 11% AND OPERATIVE EBITDA BY 14% - LEADING TO AN IMPROVED MARGIN OF 12.1%.

We are very happy with the turnaround in the Municipal & Industrial (M&I) segment, where we



are back on the growth trajectory and expect steady growth and cash flow generation going forward. The restructuring activities carried out between 2012–2014 impacted mostly the M&I business, and the efficiencies are now starting to show. We will continue to focus on profitability improvement also in the future. In addition, we are looking into developing new, advanced water treatment technologies which we believe will be in-demand in the future. M&I represents some 25% of our revenue.

CORPORATE RESPONSIBILITY SUPPORTING STRATEGY IMPLEMENTATION

Our corporate responsibility work ties closely with our strategy by helping us create long-term sustainable value to Kemira and our stakeholders, improve our operational efficiency, and ensure compliance and manage risks. Our corporate responsibility focus areas, targets and KPIs are designed to drive forward continuous improvement in these areas.

Our stakeholders expect high performance from us in our sustainability work, not only in our own operations but throughout the value chain. We are committed to internationally recognized principles, such as the OECD Guidelines for Multinational Enterprises, whose fundamentals are also reflected in our own Kemira Code of Conduct, the United Nations Global Compact and the chemical industry's Responsible Care.

Our innovations translate to customer benefits by helping them improve their water, energy and raw material efficiency. Sustainability evaluation is encoded in our new product development process, where better sustainability performance compared to products already available on the market is one of the innovation advancement criteria. We are happy to see that our corporate responsibility work has also been recognized by independent third party evaluators: RobecoSAM rated our sustainability performance above the chemical industry average in 2015, EcoVadis rewarded us with their Gold recognition (top 2%), and in the CDP Nordic Carbon Disclosure Leadership Index we achieved a disclosure score of 99 out of 100 and a performance band B (scale A-E).

The highlights for 2015 also include e.g. a significant upward trend in our employee engagement and continued stringent screening of our suppliers' sustainability performance. This work continues, and we still have much room for improvement. We also witnessed a worrying deterioration in our work safety performance, and we have, and continue to address this issue through increased awareness-raising, reporting and training. Also the Kemira Carbon Index value is not decreasing, due to increased share of carbon-intensive feedstock required by our current product mix.

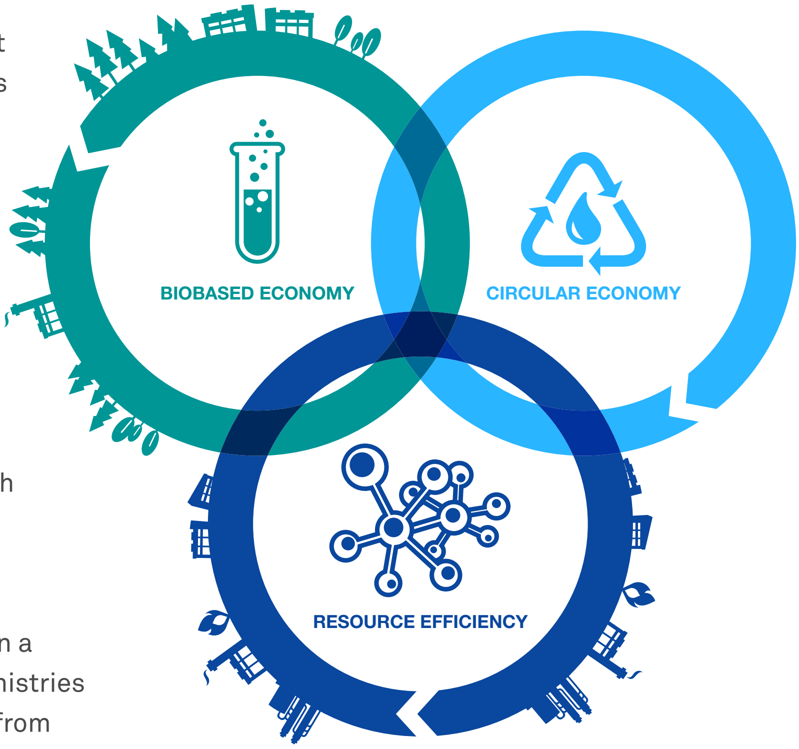
CHEMISTRY IS AN ENABLER

Looking into the future, our focus will be on reaching our mid-term targets: EUR 2.7 billion revenue with 15% EBITDA margin in 2017. Our chemistry is an enabler in bioeconomy, circular economy and resource efficiency. With our vision to become the first choice in chemistry for water intensive industries, we aim to proactively push for improvement in all these areas within our sphere of influence.

Jari Rosendal
President & CEO

Sustainability

– A KEY DRIVER IN OUR BUSINESS



BIOBASED ECONOMY

Biobased economy looks for solutions that enable replacing non-renewable resources with more biobased materials. For example, at Kemira we are looking for alternative raw materials for our own products. Our customers use our chemistries for example to produce biogas from organic waste. Wood fiber is extensively used to replace fossil based materials like plastics. Our chemistries help in producing biobased materials more economically and efficiently, and with fewer inputs.

CIRCULAR ECONOMY

Circular economy aims to keep materials in a closed loop and eliminate waste. Our chemistries enable water reuse, phosphorus recovery from wastewater and the recycling of fibers from packaging and paper waste, and extends the use-life of recycled fiber. We also use secondary raw materials (recycled materials and industrial by-products) in our own production.

OUR INNOVATIONS ARE CONTRIBUTING TO THE TRANSITION TOWARDS A MORE RESOURCE EFFICIENT SOCIETY.

RESOURCE EFFICIENCY

Our chemistries help in resource efficiency: achieving the same or improved output by using less resource inputs.

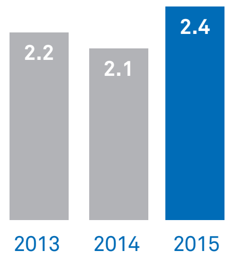
In our Oil & Mining segment, resource efficiency shows in reduced use of water and energy and more efficient use of existing oil reserves with the help of our polymers.

PERFORMANCE 2015

Financial performance

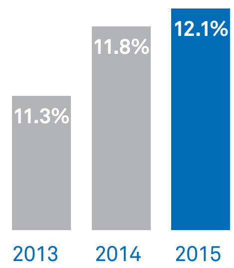
Revenue (EUR billion)

Target: 2.7 in 2017



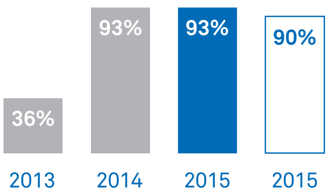
Operative EBITDA (%):

Target: 15% in 2017



Responsible supply chain

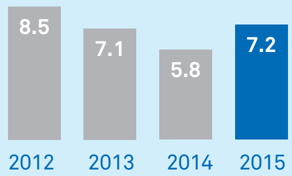
Target: ≥ 90% of supplier contracts with signed Code of Conduct for Suppliers, Distributors and Agents as attachment by 2015



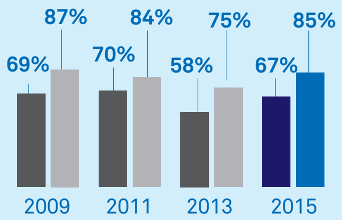
Responsibility towards employees

Safety target:
Achieve zero injuries

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

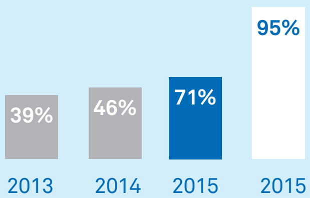


Engagement target:
Employee engagement index at or above the external industry norm by 2015, participation rate 75–85%



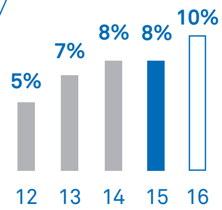
■ Employee engagement index, % (external norm 2015: 68%)
■ Participation rate, % of total employees

Leadership development target :
≥ 95% of people managers participated in global leadership programs at least once in period 2013–2015 (cumulative %)



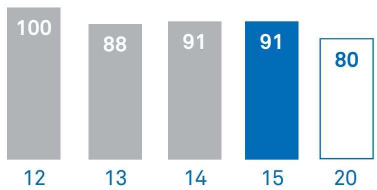
Sustainable products and solutions

Innovation revenue target:
10% of total revenue in 2016



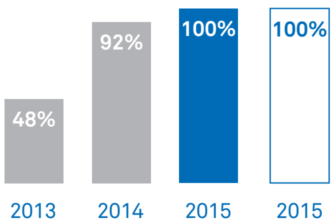
Responsible manufacturing

Climate change target:
Kemira Carbon Index ≤ 80 by 2020



Responsiblility towards the communities where we operate

Community involvement target:
Each Kemira site with over 50 employees participates in local community involvement initiatives at least once in period 2013–2015 (cumulative %)



Kemira

Business model

INPUTS

Equity: EUR 1,193.2 million

Interest-bearing liabilities: EUR 794 million

Cash: EUR 152 million

Business units in 40 countries, 64 manufacturing sites

Key relationships: customers, suppliers, industrial partners for secondary raw materials, distributors & agents

4,685 professionals worldwide

250 R&D experts in 3 hubs, over 1,300 patents

Total materials purchased:
- → 3.3 million tons, 27.5% recycled
- → Total energy purchased (GWh) 4,128

BUSINESS ACTIVITIES

Differentiation:
- → sustainable innovation, expertise, portfolio, performance, capability

Product stewardship

Responsible business practices
- → Compliance to Kemira Code of Conduct

Responsibility for employees
- → Workplace safety
- → Employee engagement
- → Leadership development

Responsible supply chain
- → Sustainability in sourcing and supply chain management

Responsible manufacturing
- → Lowering costs & environmental impacts of our operations

OUTPUTS

Sustainable products and solutions
- → Polyacrylamide polymers #1–2
- → Coagulants #1
- → Sizing #1
- → Chlorate & peroxides #2

Services
- → Application support
- → Process control & monitoring
- → Total Chemistry Management

Emissions and waste
- → Scope1 + Scope2 (CO_2 eq. tonnes) = 926,000
- → Total waste disposal 110,632 tonnes

OUTCOMES

Customers
- → Product quality or product yield optimization
- → Process and energy efficiency
- → Water quality and regulatory compliance
- → Customer Net Promoter Score: 28 (industry average 26)

Shareholders & lenders
- → EUR 112.9 million paid in dividends and interest expenses*

Society
- → Purified water, suitable for reuse
- → Sustainable use of biobased materials: recycled fibers
- → Less water and energy used in industrial processes
- → More efficient extraction and use of non-renewable resources: oil, minerals and water
- → Income taxes: EUR 12.3 million*

* on cash basis

KEMIRA

RISKS & OPPORTUNITIES

CHANGES IN CUSTOMER DEMAND

OPPORTUNITY

- Rising demand for sustainable solutions for packaging & board and tissue grades, chemistries enabling water recycling & reuse, and technologies enabling unconventional oil & gas and enhanced conventional oil recovery

RISK

- Further decline in demand for printing & graphical paper grades, leading to mergers and mill closures
- Prolonged/further slowdown in oil, gas and mining activity due to soft market conditions
- Shift in demand toward water treatment technologies with lower chemical consumption
- Unforeseen customer production slowdowns

MANAGEMENT APPROACH

- Systematic monitoring of market development
- Focus on improved sustainability of products and solutions
- Customer intimacy and innovation
- Geographic and customer-industry diversity
- Comprehensive & diversified portfolio
- Flexible manufacturing network with competitive scale
- Active communications about the benefits of Kemira's technologies

CHANGES IN LAWS AND REGULATIONS

OPPORTUNITY

- Increased demand for chemical treatment of water due to stricter regulation and enforcement
- Regulatory developments expected to favor recycling and reuse of resources

RISK

- Regulatory developments creating pressure to replace chemicals with other substances or technologies
- Bans/restrictions on substances used in Kemira's production
- Increases in production and transportation costs

MANAGEMENT APPROACH

- Proactive follow-up & participation in regulatory discussions relating to chemical substances, water treatment and circular economy
- Active evaluation of alternatives to debated substances
- Focus on R&D: innovations enabling more efficient use of resources and recycling

CHANGES IN COMPETITION

OPPORTUNITY

- Large customers looking for a strategic supplier with a global footprint and commitment to their line of industry
- Sustainability aspects emphasized in partner selection

RISK

- Major competitor or customer consolidations changing market position
- New standard commodity chemical producers entering the market

MANAGEMENT APPROACH

- Regular strategy reviews to reflect changes in competitive situation
- Close follow-up of competitive activity
- Investments in competencies & capabilities
- Differentiation and customer intimacy
- Participation in market consolidation and active M&A monitoring

CHANGES IN RAW MATERIAL COSTS & AVAILABILITY

OPPORTUNITY

- Efficiencies brought by active price & inventory management and forecasting
- Biobased materials optional for fossil based materials

RISK

- Increased costs impact profitability
- Dependency on single-source for raw material supply
- Breaks or disturbances in the availability of key raw materials

MANAGEMENT APPROACH

- Comprehensive, strategic approach to sourcing
- Strategic purchase contracts, backward integration, tracking of prices of key raw materials
- Captive manufacturing of critical raw materials
- Strategic investment in energy-generating companies & hedging a portion of the energy and electricity spend

COMPETITION FOR KEY TALENT

OPPORTUNITY

→ Attractive employer status in many areas thanks to market-leading knowhow and people processes

RISK

→ Key talent attracted by value chain players

MANAGEMENT APPROACH

→ Continuous identification of high potentials and key competencies for the future needs
→ Development and improvement of compensation schemes, learning programs, and career development programs
→ Systematic approach and commitment to employee engagement
→ Collaboration with educational institutes, employer branding

POTENTIAL FOR HAZARD & REPUTATIONAL DAMAGE

OPPORTUNITY

→ Ability to demonstrate high performance and compliance with standards & expectations gives advantage over smaller players

RISK

→ For example, process safety incidents, machinery breakdowns, environmental as well as employee health and safety incidents and the consequent financial losses & brand damage
→ Unauthorized IT system access by malicious intruders causing physical damage or other financial loss

MANAGEMENT APPROACH

→ Systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs & reporting, and competent personnel
→ Several insurance programs protecting the company against financial impacts of hazard risks
→ Systematic risk analyses and continuous improvement of procedural, technical and physical protection mechanisms

INNOVATION CAPABILITY

OPPORTUNITY

→ Kemira's ability to innovate for resource efficiency, circular economy and bioeconomy together with customers

RISK

→ New disruptive technologies
→ Slow product portfolio renewal, lack of differentiation

MANAGEMENT APPROACH

→ Customer intimacy and co-creation
→ Innovation metrics and sustainability checks
→ Differentiated products and technologies, application knowhow
→ Monitoring & scouting for new technologies

GEOPOLITICAL CHANGES

OPPORTUNITY

→ New potential geographical markets become addressable

RISK

→ Business interference or other adverse consequences through political actions or economic uncertainties in countries strategically important to Kemira

MANAGEMENT APPROACH

→ Continuous monitoring and consideration of geopolitical movements and changes followed by adequate business adjustments

KEY BUSINESS ACTIVITIES CONTRIBUTING TO SUSTAINABLE value CREATION

Our approach to corporate responsibility is guided by our value creation model, our stakeholders' expectations, and our commitments to internationally defined principles. The targets are set together with the Management Board. The Board of Directors acts as the highest governing body and approves the corporate responsibility report.

VALUE CREATION MODEL

- → Vision
- → Strategy
- → Business model

STAKEHOLDERS' EXPECTATIONS

- → Customers
- → Investors & lenders
- → Employees

COMMITMENTS, GUIDELINES AND PRINCIPLES

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

→ Focus areas → Targets → KPI's

Responsible business practises

Sustainable products and solutions

Responsibility towards employees

Responsible supply chain

Responsible manufacturing

Responsibility towards the communities where we operate

RISK, COMPLIANCE, RESILIENCY

RESPONSIBLE BUSINESS PRACTICES

In order to ensure business continuity and reach our strategic goals, we must secure the trust of our stakeholders. Our focus on responsible business practices aims at protecting the Kemira brand from damage and potential consequent financial losses by ensuring we comply with regulatory requirements and high ethical standards.

The Kemira Compliance Program and its core instrument, Kemira Code of Conduct, drive responsible business practices throughout our organization and beyond – obliging also our business partners to commit to responsible business conduct, respect for human rights and environmental responsibility. In addition to the Code, we regularly train our own employees on e.g. competition law, insider information, anti-bribery and human rights, and provide more detailed policies on specific topics.

Our greatest human rights risks relate to the health and safety of handling hazardous materials, our upstream and downstream business relations, and expansion into emerging markets. Kemira conducted an eLearning on human rights in 2015. The training was completed by 80% of the target group of 2,850 persons.

Our employees are encouraged to raise any compliance issues via multiple channels, including an anonymous 24/7 hotline. Kemira Ethics and Compliance ensures that all reported issues are addressed with due care.

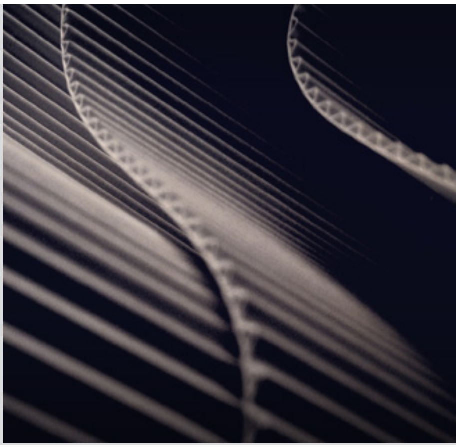
Our Risk Management focuses on systematic and proactive identification, analysis and management of various risks related to Kemira's business, such as strategic, operational, hazard and financial risks. More information about risks on pp. 10.

PULP & PAPER PRODUCT SHOWCASE

STRONGER BOARD USING LESS FIBERS

Kemira FennoBond™

1. Maintain stiffness and strength at lower basis weight.
2. Enables usage of lower quality furnishes with maintained strength properties.
3. Savings through yield advantage and raw material efficiency.



- Improved sheet characteristics (strength, stiffness).
- Allows the use of lower quality fibers.
- Energy savings.
- Improved productivity and increased machine speed.

INNOVATION

Sustainable

PRODUCTS AND SOLUTIONS

Our strategy is to increase Kemira's differentiated product line revenue to 60% in 2016 (51% in 2015), and most of our R&D efforts are focused on this.

Our innovation capability is measured through an innovation sales target*. The sustainability of our new products is a key aspect in the development work: we prioritize solutions that have improved sustainability performance compared to those already available on the market. All our New Product Development projects apply sustainability checks at each development stage.

We are actively looking for alternative bio-based raw materials and we focus on applications where product biodegradability brings additional value – e.g. in wastewater treatment and packaging and board. Many customers are focusing on the recyclability of their final product.

KEMIRA'S SUSTAINABILITY PERFORMANCE WAS ABOVE INDUSTRY AVERAGE ACCORDING TO ECOVADIS AND ROBECOSAM ASSESSMENTS IN 2015.

*10% of sales revenue by end 2016, including new chemistries, product upgrades and tailored chemistries sold into new applications, developed and launched within the last 5 years.

PRODUCT STEWARDSHIP

At Kemira, the concept of product stewardship goes beyond regulatory compliance, which in itself sets tight controls on the manufacture and sale of chemicals. A proactive approach is strategic to us, since it allows us to address changing requirements and stakeholder expectations and adjust our offerings ahead or at par with the competition.

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 to focus our product and process development efforts in areas where our impacts on the safety and sustainability in 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.

We perform stringent safety assessments on our products and provide information on their safe use. We ensure that health and environmental matters as well as regulatory requirements are thoroughly considered in New Product Development projects.

We have screened our current portfolio for priority substances that are subject to future regulatory restrictions or associated with particular concerns. Management plans are prepared for these substances.

INNOVATION PARTNER

We are an innovation partner for our customers. Many of our customers are sustainability leaders in their business sectors and only work with partners with similar high standards and commitments. This makes the continuous improvement of our sustainability performance of strategic importance to us, and at best, gives us competitive advantage through products that enable cost and resource savings in customer processes (e.g. water, energy, fiber).

Kemira holds over 1,300 patents. In 2015, our innovation sales were EUR 189 million (8%).

KEMIRA REVENUE SPLIT BY CUSTOMER BENEFIT:

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

Responsibility

TOWARDS EMPLOYEES

WE EMPLOY APPROXIMATELY

4,685

PROFESSIONALS AROUND THE WORLD.

Attracting, engaging and retaining key talent is of strategic importance to Kemira in order to be competitive. Safety at the workplace and strong employee engagement are the cornerstones of our people management approach.

SAFETY

Safety is of first priority in all our operations because of the nature of our industry and potential impacts on costs, stakeholder relations and reputation. In 2015, we saw a rise in the number of reported injuries, TRI (Total Recordable Injuries per million work hours). In addition to continuous diligent safety work, intensive campaigning and awareness-building was started to address the issue. At the end of the year, the TRI level stood at 7.2 (2014: 5.8). We are taking this very seriously and continue to work on our safety performance long-term to protect our most valuable asset: people.

ENGAGEMENT

Employee engagement at Kemira has been addressed through systematic action-planning and execution, supported by strong managerial commitment. Thanks to these efforts, our employee engagement index is again at the level of industry norm, after the drop caused by restructuring measures. Our employee survey results show that good corporate responsibility performance is very important to our personnel.

LEADERSHIP AND PERFORMANCE

Skilled leaders and employees are key to the successful execution of Kemira's strategy. Our performance management process consists of Performance and Development Discussions (PDD) and performance evaluation, supported by online management tools. Kemira is actively encouraging leadership development through job-rotation and on-the-job-learning.

DIVERSITY

In our recruitment decisions, we do not apply gender and/or minority quotas or similar but aim at finding the best professional knowhow for each position. The Kemira Code of Conduct obliges us to respect the principle of equal opportunity and treatment without regard to age, race, birth, gender, creed, political persuasion, social status or origin. The same equal opportunity principle is also highlighted in our Recruitment Policy.

In 2015, the share of women in Kemira's total workforce was 26%, in executive positions 22%, in Management Board 22%, and in Board of Directors 33%.

COMMUNITY INITIATIVE

KEMIRA READING GALLERY LAUNCHED

AT NANJING NANHUA EXPERIMENTAL PRIMARY SCHOOL

In 2015, Kemira and the Nanhua Experimental Primary school of the Nanjing Chemical Industry Park located in China launched a joint Kemira Reading Gallery to encourage students' interest in reading. Over 2,800 books were donated by employees and Kemira together.

Kemira staff also volunteered to provide environmental education to the students. "We want to build sustainable relationships with our local communities," says Joe Chan, President of Kemira's operations in China. "Reading is a good habit with lifelong benefits for children. This is another way of living according to the Kemira value: We care for people and the environment."

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

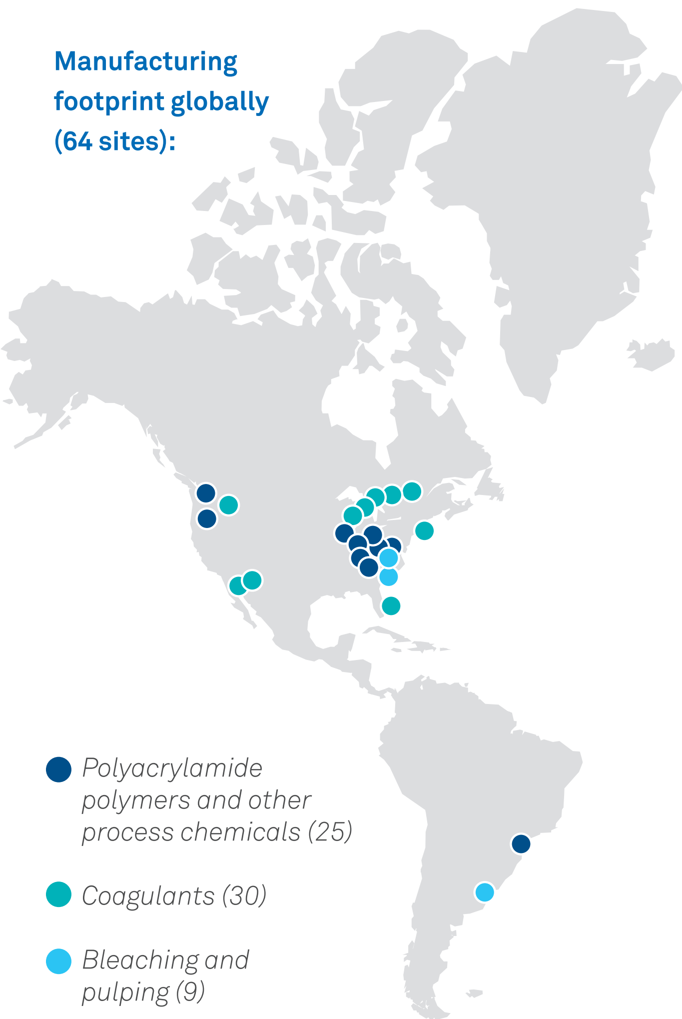
Kemira's business is supply chain intensive. We have over 650 direct material suppliers, most of whom come from EMEA and North America. Of these, 160 are core suppliers, who deliver 80% of our direct material spend. Our top three direct spend categories are electricity, acrylonitrile and petroleum solvents and by volume ferrous sulphate, hydrochloric acid and sodium chloride (salt). In 2015, some 27% of all raw materials used by Kemira were recycled or industrial by-products from external partners. The Municipal & Industrial business utilizes 60–70% secondary raw materials from other industries, participating heavily in local by-product streams. 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 2015, 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' performance, including sustainability.

In 2015, Kemira launched a program for operational excellence, addressing the efficiency and optimization of material and information flows from our suppliers to customers across Kemira.

SOME 27% OF ALL RAW MATERIALS USED BY KEMIRA IN 2015 WERE RECYCLED OR INDUSTRIAL BY-PRODUCTS FROM EXTERNAL PARTNERS.

IN 2015, KEMIRA LAUNCHED A PROGRAM FOR OPERATIONAL EXCELLENCE TO DRIVE FORWARD THE FULFILLMENT OF ITS GROWTH AND PROFITABILITY TARGETS.

Manufacturing footprint globally (64 sites):



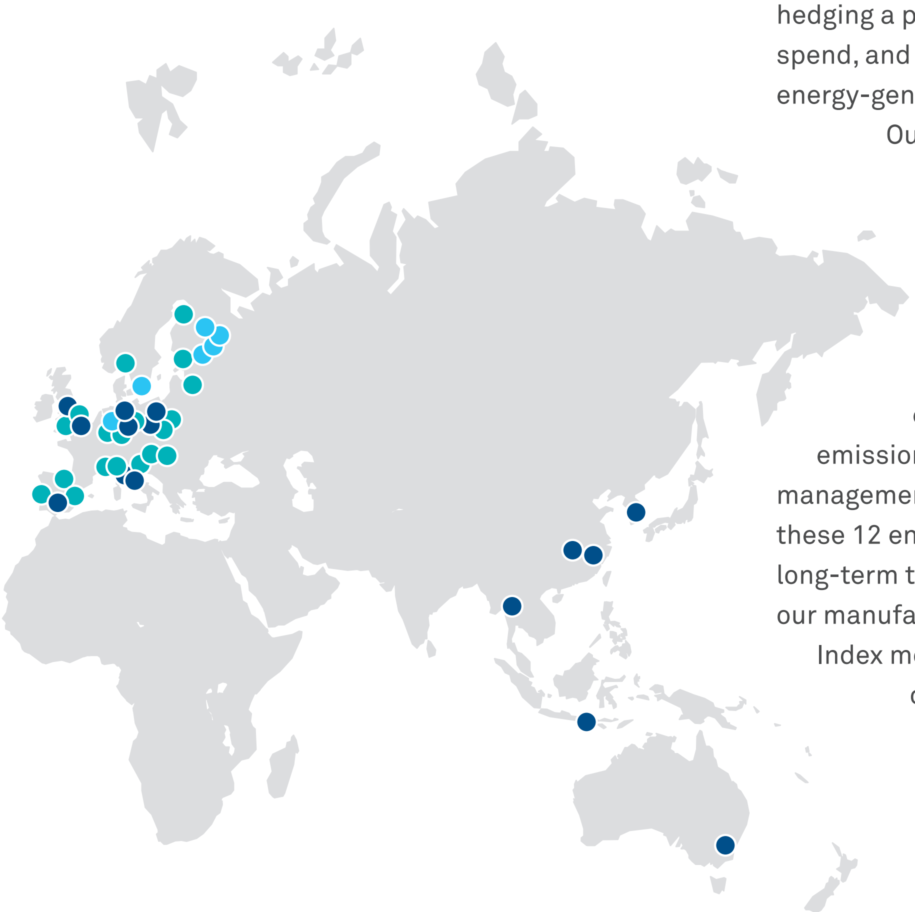
RESPONSIBLE MANUFACTURING

Our global manufacturing network consists of 64 sites. The AkzoNobel paper chemicals business acquisition, completed in 2015, brought us six new manufacturing sites located in Italy, Spain, Korea, Thailand, Indonesia and Australia. The site in Italy will be discontinued.

We have streamlined our product portfolio and reduced the number of sites in the past few years to lower our operative fixed costs. We have also adopted LEAN manufacturing in order to continuously improve efficiency.

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. Kemira's EHSQ management system is based on ISO 14001, ISO 9001 and OHSAS 18001 standards. By the end of 2015, Kemira had certified 86% of major site locations according to at least one of 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 of strategic importance to constantly improve our energy efficiency and manage the risk of purchased electricity. Electricity price risk is mitigated by hedging a portion of the energy and electricity spend, and through strategic investment in energy-generating companies in Finland.



Our approach to reducing greenhouse gas emissions is based on improving energy efficiency at manufacturing sites and on purchasing energy at lower emission levels. Some 12 sites out of the total of 64 sites consume 90% of energy and account for 95% of our CO_2 emissions. A substantial share of our energy management activities are therefore focused on these 12 energy-intensive sites. Kemira has set a long-term target for CO_2 emission intensity from our manufacturing operations. The Kemira Carbon Index monitors our CO_2 performance from both consolidated and individual manufacturing site perspective. The target is to reduce the value of the Kemira Carbon Index to or below 80 by the end of 2020, in comparison to the Carbon Index value of 100 in baseline year 2012.

PULP & PAPER

STRATEGIC OBJECTIVE:

Growth above-the-market with improved profitability

How?

- Commercialize new products
- Leverage strong market position and acquisition synergies
- Execute successful investment projects (e.g. long-term ”chemical island” bleaching chemical contracts)
- Continue to evaluate bolt-on acquisitions
- Scale up operations in the APAC region

SALES CHANNEL

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

RESULT 2015

Revenue

1,417

EUR million
(60% of Kemira revenue)

Operative EBITDA

12.1

%

BUSINESS SPECIFICS

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

APPLICATION KNOW-HOW

- Pulp, paper, board and tissue production
- P ulping, bleaching, wet-end and coating chemistry, water treatment

#1–2 IN ALL REGIONS

Value built in pulp & paper

CUSTOMER SEGMENTATION

- Pulp
- Packaging & Board
- Printing & Writing
- Tissue & Specialties

PRODUCTS

Most comprehensive product portfolio in the business.

DIFFERENTIATED PRODUCTS

(54%) Polymers, sizing and strength chemicals, defoamers, dispersants, biocides and other process chemicals

COMMODITY PRODUCTS

(46%) Mainly bleaching & pulping chemicals

MAJOR RAW MATERIALS

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

COMPETITIVE ADVANTAGE

- Application know-how
- Product performance
- Backward integration into key raw materials
- Comprehensive offering
- Global reach
- Chemical island concept

CUSTOMER VALUE

IMPROVED:

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

THE ONLY BLEACHING, PROCESS AND FUNCTIONAL CHEMICALS PROVIDER WITH A TRULY GLOBAL REACH

Growth in pulp & 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. We support our customers in biobased economy, enabling production with fewer inputs, less environmental impact and reduced water footprint.

INVESTING IN COMPETENCIES & CAPACITIES

Kemira is committed to innovating for the long-term future together with the pulp & paper industry. The paper chemicals market has long been fragmented with no clear global leader. Kemira's investment in competencies and capacities in pulp & paper chemistry makes us the global market leader in bleaching, process and functional chemicals. Kemira's Pulp & Paper segment continues to focus on delivering growth and improved profitability.

KEMIRA PULP & PAPER GROWTH TARGET: AT LEAST TWO TIMES THE MARKET GROWTH.

AkzoNobel paper chemicals business acquisition strengthens Kemira's position

In May 2015, Kemira acquired the AkzoNobel paper chemicals business, which consists mainly of retention, sizing and strength products, complemented by e.g. coating additives. Revenue of the transferred business is more than EUR 200 million and the number of transferred employees is approximately 350. Several production units were included in the deal, together with several contract manufacturing agreements with AkzoNobel sites. Acquired production sites are located in Italy, Spain, Korea, Thailand, Indonesia and Australia. Going forward, Kemira has also several new sales offices in the APAC region.

The acquisition gives us direct access to new markets in APAC and increases the number of experienced sales, service and application personnel. Today, we have better access to locally produced products, larger sales and field service organization and a number of attractive new products, which allow us to catch new opportunities and speed-up Kemira's growth in APAC. Revenue and cost synergies have started to materialize according to plan.

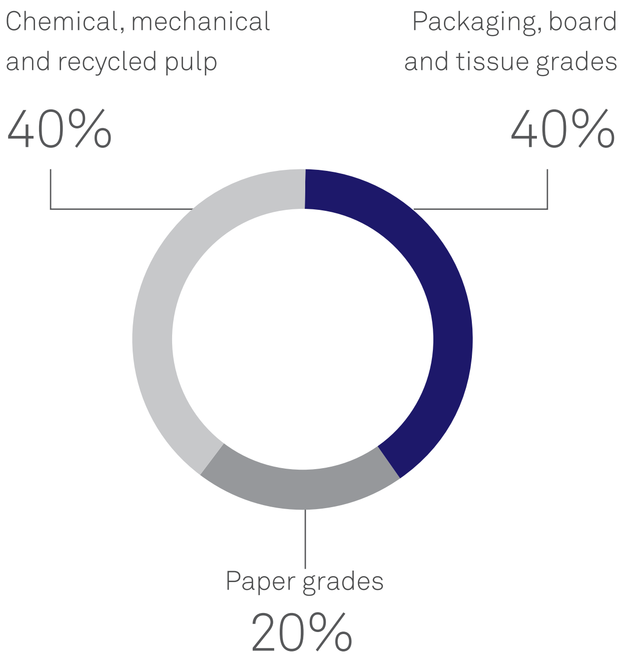
2015 IN BRIEF

- → Kemira completes the AkzoNobel paper chemicals acquisition.
- → Kemira acquires certain assets of Soto Industries, LLC, headquartered in Charlotte, North Carolina. Soto specializes in the application of scale control products, defoamers, and settling agents for the pulp and paper industry.
- → Kemira announces plans to close the acquired manufacturing site in Soave, Italy.
- → Kim Poulsen starts as President of Kemira's Pulp & Paper segment & APAC region and member of the Management Board.
- → Throughout the year, Stora Enso and Kemira work together on a joint corporate responsibility initiative on water stewardship in Guangxi Province in Southern China. The construction works addressing water shortages and quality problems in three local villages were finalized in 2015.

MARKET OUTLOOK

Pulp & Paper segment is expected to grow at least double the relevant market growth. The market compounded annual growth rate (CAGR) is estimated to be 1.5%. The majority of the growth is expected from the emerging markets in South America and APAC. Even though the market growth in APAC is expected to slowdown slightly, it is still estimated to reach 2.5–3% per annum. There is also an increased demand for pulp chemicals in the Nordics where several expansion projects are ongoing or announced.

Thanks to our comprehensive offering, global reach and strong application know-how, Kemira is well positioned to serve the industry.



O&M

OIL & MINING

STRATEGIC OBJECTIVE:

Growth and expansion to new applications like Chemical Enhanced Oil Recovery and oil sands.

How?

- → Continued faster, industry leading innovations with key customers
- → Manufacturing expansion investments with high return on capital employed
- → Targeted bolt-on acquisitions to enable equipment and services offering

SALES CHANNEL

- → Oil & Gas and process additive applications: sales to operators, pumpers, service companies and other value adding partners.
- → Mining: Sales to operators and other value adding partners.
- → Distributors to other industries.

RESULT 2015

Revenue

350

EUR million
(15% of Kemira revenue)

Operative EBITDA

9.5

%

BUSINESS SPECIFICS

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

APPLICATION KNOW-HOW

- → Oil & Gas: drilling & cementing, stimulation, oil sands, Chemical Enhanced Oil Recovery and production
- → Mining: iron ore, copper, and gold recovery

#2 IN GLOBAL POLYACRYLAMIDE PRODUCTION

Improving Efficiency & yield in oil & mining

CUSTOMER SEGMENTATION

- Oil & Gas
- Mining
- Other industries through distributors (excess capacity)

PRODUCTS

DIFFERENTIATED PRODUCTS
(83%) polymers, dispersants & antiscalants, biocides, emulsifiers, defoamers

COMMODITY PRODUCTS
(17%) coagulants

MAJOR RAW MATERIALS

Acrylonitrile, acrylic acid, various monomers

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 CHEMICAL SUPPLIER TO OIL & GAS AND MINING INDUSTRIES

Kemira provides a unique combination of application knowhow and innovative chemicals that improves process efficiency and yield in oil, gas and metals recovery. We tailor chemistries for specific process needs, ensuring the customer has the most cost-effective, well performing product for their particular application and field. We assist in extracting oil & gas in a more resource-efficient manner: getting more out of existing resources, and utilizing less water and energy in the process.

MARKET DOWNTURN IMPACTS DEMAND

The oil and gas chemicals market is competitive and cyclical. In 2015, the sharp decline in oil prices impacted the overall oil and gas business, but particularly the oil and gas drilling and stimulation market in North America. Kemira is the leading supplier of friction reducers used in this activity.

In response to the market situation, Oil & Mining segment implemented efficiency improvements, closing one manufacturing site in Longview, Washington and realigned its resources. New growth opportunities were identified in Chemical Enhanced Oil Recovery (CEOR) and oil sands. Going forward, the segment focuses on returning to organic growth even with current low oil price levels and getting ready for the next up-cycle.

Kemira's growth in the mining sector has been modest in recent years due to soft market conditions. In 2015, we saw some signs of recovery especially in Southern Africa, and were able to increase our sales volumes with our new differentiated offering focusing on copper and gold mines.

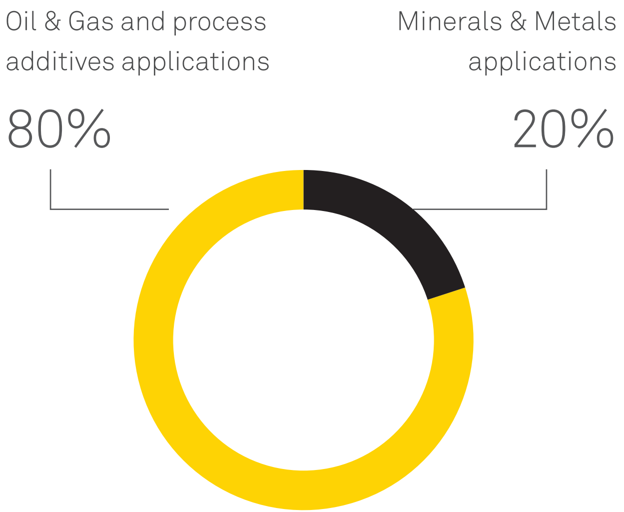
KEMIRA OIL & MINING GROWTH TARGET: DOUBLE-DIGIT GROWTH OVER-THE-CYCLE.

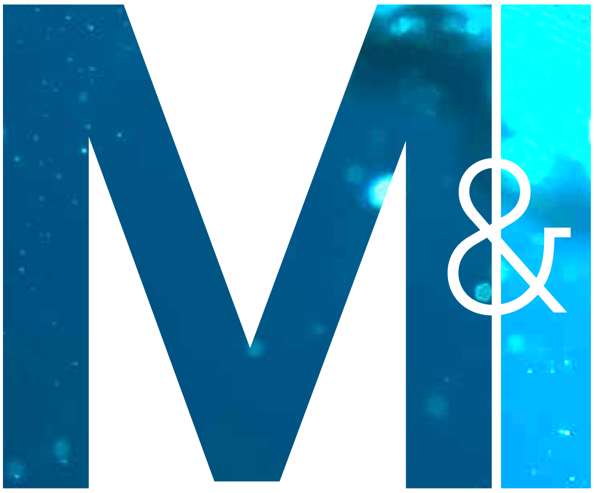
2015 IN BRIEF

- → Kemira enters the market for Chemical Enhanced Oil Recovery (CEOR), and is awarded a contract by Cairn India Limited for the supply of polyacrylamide for its EOR implementation.
- → Kemira and Chevron's Energy Technology Company enter into a Master Collaboration Agreement to develop novel and next generation chemistries for a wide array of oil & gas exploration and production activities.
- → Oil & Mining segment continues to gain business in the Canadian oil sands market.
- → Kemira and technology start-up Aqsens join forces for unconventional collaboration to offer innovative on-site liquid analyses for oilfield scale control.
- → The closure of a manufacturing plant in Longview, WA, US is announced.
- → Kemira acquires certain assets of Polymer Services, LLC, specialized in the field application of polymer gel treatments for enhanced or improved oil recovery.

MARKET OUTLOOK

Pricing pressures and challenging market conditions are likely to continue going into 2016. Being a technology and value provider, Kemira is better positioned to weather the fluctuations than pure commodity players in the market. Chemical Enhanced Oil Recovery (CEOR) and unconventional oil extraction present longer term growth opportunities in Oil & Mining segment's relevant market.





MUNICIPAL & INDUSTRIAL

STRATEGIC OBJECTIVE:
Steady growth and cash flow generation

How?

- Further strengthen the base business in raw and waste water treatment
- Ensure efficiency & cost and product leadership through operational and commercial excellence and innovation
- Build on top of strong customer base with innovation driven Advanced Water Treatment applications

SALES CHANNEL

Municipal 60%

Industrial 40%

Municipal: mainly direct sales
Industrial: direct sales & distributors

RESULT 2015

Revenue
606
EUR million
(25% of Kemira revenue)

Operative EBITDA
13.7
%

BUSINESS SPECIFICS

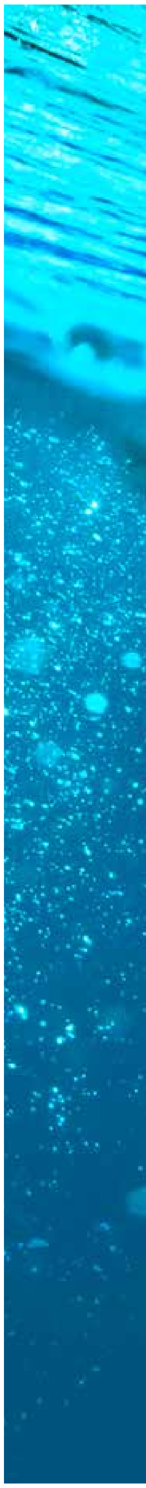
- Regulation-driven business
- Local business
- Raw material backward integration
- Large customer base

APPLICATION KNOW-HOW

- Raw water treatment
- Waste water treatment
- Sludge treatment

#1 IN EUROPE

#1 IN NORTH AMERICA



Optimizing

the water cycle

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% secondary 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)

COMPETITIVE ADVANTAGE

- Security of supply, speed and logistics flexibility
- Expertise
- 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 CHEMICALS

The market for Kemira's Municipal & Industrial segment is driven by regulation. Kemira helps municipalities, private operators and water-intensive industries in the transition towards circular economy by enabling water reuse and improved water treatment efficiency at every stage of water management. We are the leading chemicals supplier for raw, wastewater and sludge applications in Europe and North America, and the only manufacturer offering a full product portfolio of coagulants, polymers and other, more differentiated water treatment chemicals. This makes our position in the market unique.

BACK ON THE GROWTH PATH

The Municipal & Industrial segment has gone through a restructuring program in the recent past in order to reduce complexity, costs and focus on core business. After the restructuring, the segment has kept fixed costs under tight control and been selective with investments. The business has regained its capability for sustained growth, delivering increased sales volumes in all regions. The growth is enabled by Kemira's strong expertise and investments into innovation, and tightening regulation.

The segment's competitors in the mature markets consist mainly of smaller local companies. The coagulants market is particularly fragmented and local in nature. Kemira's competitive advantage stems from cost-efficiency in our own operations, application knowledge and flexible manufacturing capability.

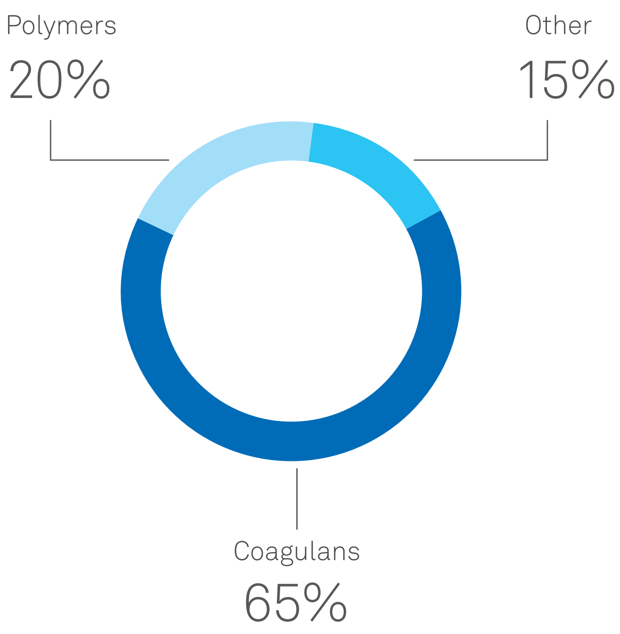
KEMIRA MUNICIPAL & INDUSTRIAL GROWTH TARGET: ANNUAL REVENUE GROWTH BETWEEN 2–4%.

2015 IN BRIEF

- → M&I strengthens its market position establishing new key customer relationships around the world, with eg.: Singapore Public Utilities, Ghana Water, City of Philadelphia, City of Berlin and City of Rome.
- → Kemira celebrates the grand opening of a large-scale water treatment chemicals plant in Tarragona, Spain.
- → A position paper on circular economy is published as a response to a regulatory process initiated by the EU Commission.
- → Kemira provides solutions for sludge deep dewatering for Shanghai Haibin sewage treatment plant, increasing solid content of sludge from 20% to 40–45%
- → Major customer delivery agreements in North America.
- → Growth and profitability improvement in APAC.
- → Improved return on capital employed.

MARKET OUTLOOK

Municipal & Industrial segment's strategic intent is to grow approximately at the rate of the mature markets, that is, some 2–4% annually, and to further improve profitability and maximize cash flow. To reach greater growth figures, stronger regulation and enforcement of water treatment – especially in emerging markets – is required.



Where water
meets chemistry™

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GRI Report
2015

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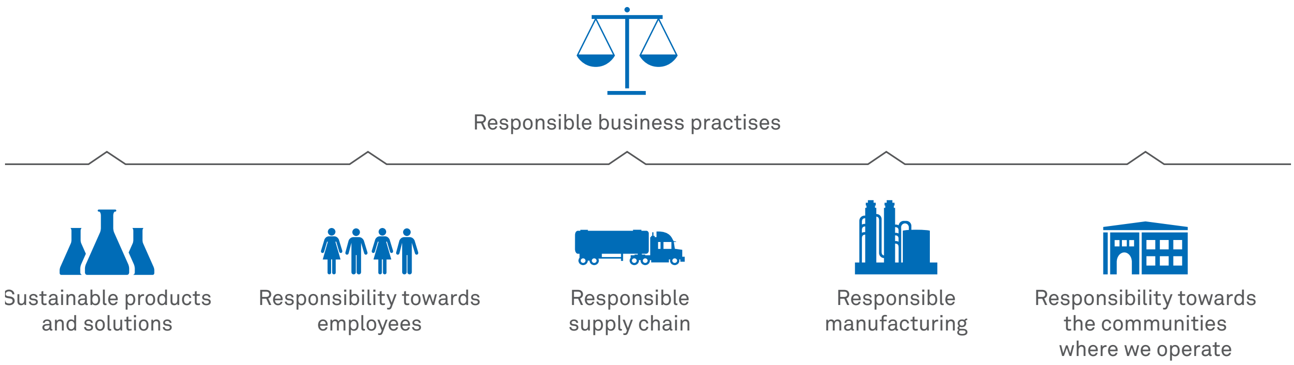
1. FOCUS AREAS OF KEMIRA'S CORPORATE RESPONSIBILITY

1.1 OUR FOCUS AREAS

For Kemira, corporate responsibility means integrating environmental and social considerations into all of our business operations. Our business success is not only based on economic achievements, but also on gaining the trust of our stakeholders and taking responsibility for our impacts along our value chain.

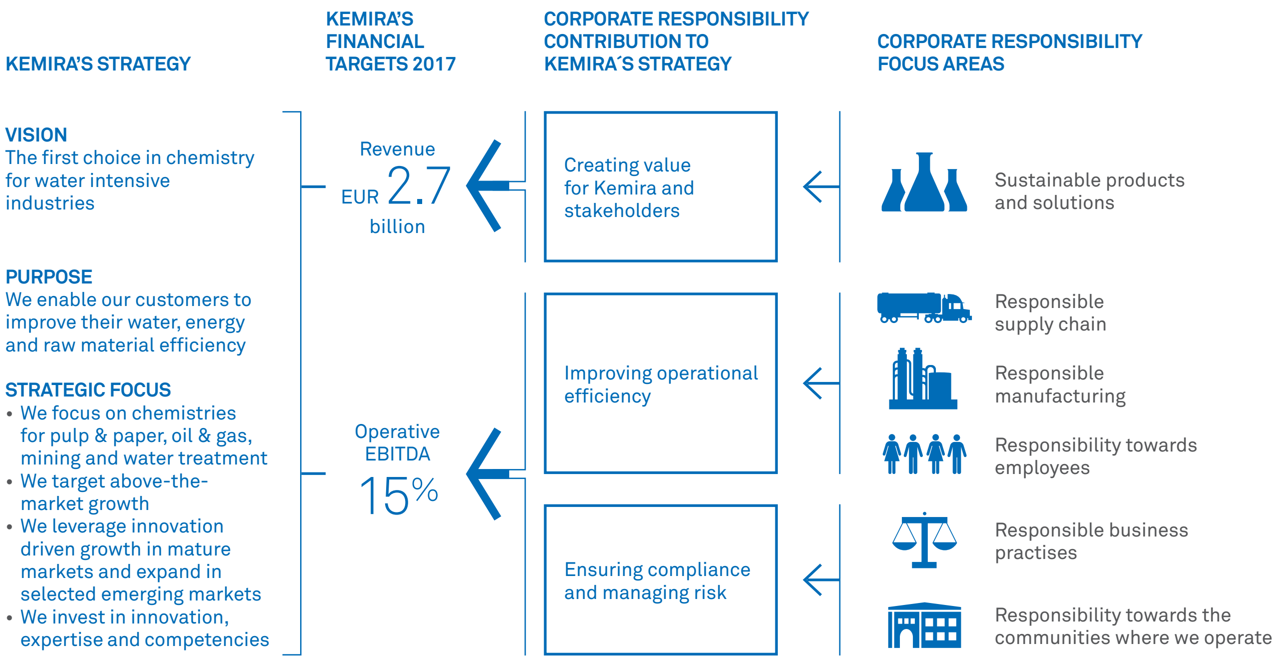
The priorities for our responsibility work have been defined as our corporate responsibility focus areas.

CORPORATE RESPONSIBILITY FOCUS AREAS



The responsibility work managed through focus areas is contributing to Kemira's strategy executions through long-term sustainable value creating, improved efficiency and ensuring compliance and risk management.

CORPORATE RESPONSIBILITY CONTRIBUTING TO KEMIRA'S STRATEGY



1.2 OUR GUIDING PRINCIPLES FOR CORPORATE RESPONSIBILITY

Our approach to corporate responsibility is guided by our value creation model, our stakeholders' expectations, and our commitments to internationally defined principles.

Value creation model	Stakeholders' expectations	Commitments, guidelines and principles
→ Vision → Strategy → Business model	→ Customers → Investors and lenders → Employees	→ Kemira Code of Conduct → UN Global Compact → Responsible Care

OUR VALUE CREATION MODEL DELINEATES OUR MATERIAL IMPACTS

Our vision, strategy and business model narrows down the scope of the impacts our business activities may have on the environment, people and society.

- Kemira is a global company operating in a business-to-business environment. We supply chemicals for industrial use in the pulp and paper, oil and gas, mining, and water treatment sectors.
- Global resource scarcity is an important business driver for us. Kemira is not directly involved in the utilization of natural resources such as oil, gas, minerals or fibers, but our customers actively process, extract and refine these resources.
- Our external business environment is highly regulated by legislation and industry norms covering business conduct, product life-cycle management, and the health, safety and environmental aspects of manufacturing.
- Our inputs (raw materials) and outputs (products) are mainly chemicals, including some classified as harmful or hazardous substances. Our manufacturing technologies rely on chemical reactions transforming our input materials into products which often require large amounts of energy.
- Our main raw materials tend to have a limited number of large global suppliers. For secondary raw materials (recycled or industrial byproducts) we rely for local suppliers or even operate in industrial symbiosis with those suppliers.
- We operate a global manufacturing network with 64 plants and business units in 40 countries. Our units are generally small or mid-size, and mainly located in industrial areas such as chemical parks. Consequently, our plants seldom have a dominant position in their local communities, for example in terms of employment or environmental impacts.
- Our manufacturing operations are not labor intensive, but they do require well-trained employees. Our R&D and sales operations require highly qualified professionals.

The material impacts of our business activities mainly relate to environmental impact through resource efficiency in our own operations and throughout our value chain while the most important social impacts relate to safety, employee engagement and ethical business conduct.

THE MOST MATERIAL IMPACTS OF KEMIRA BUSINESS ACTIVITIES

	INDIRECT IMPACT		DIRECT IMPACT	INDIRECT IMPACT	
	Production of input materials and energy	**Upstream transportation**	**Kemira's own operations**	**Downstream transportation**	**Use of Kemira products**
Economic impact			Economic performance		
Environmental impact	• **Emissions** • Supplier performance for their **environmental impacts**	• **Emissions** • Supplier performance for their **environmental impacts**	• Materials and Energy • Emissions • Effluents and waste	• Emissions • Supplier performance for their **environmental impacts**	• Emissions • Products and services
Social impact	• Supplier performance for their **labor practices, human rights** and **ethical business behaviour**	• Supplier performance for their **labor practices, human rights** and **ethical business behaviour**	• **Labor practices and decent work** (Employment and Labor Relations, Occupational health and safety, Training and education, Diversity and equal opportunity, Equal remuneration for women and men) • **Human Rights** (Non-discrimination, Freedom of association and collective bargaining, Human rights assessment) • **Societal** (Anticorruption, Anticompetitive behavior, Public policy, Local communities)	• Supplier performance for their **labor practices, human rights** and **ethical business behaviour**	• **Product responsibility** (Customer health and safety; Product and service labelling; Marketing communication; Product compliance)

OUR STAKEHOLDERS' EXPECTATIONS

Our key stakeholders are shareholders and lenders, customers, employees and suppliers. Other important stakeholder groups include the local communities where Kemira operates, regulatory bodies, trade associations, decision makers and opinion leaders.

Our key stakeholder groups are persons or organizations whose assessments and decisions relating to Kemira are directly affected by our economic, environmental and social performance.

- Many of our customers are sustainability leaders in their respective industrial sectors. Kemira forms part of their value chains, and we are expected to demonstrate the same high commitment to sustainable business as our customers.
- A significant number of our investors practise Socially Responsible Investing (SRI). Kemira shares are listed on the NASDAQ OMX Helsinki, and Finnish investors are our largest shareholders.
- Sustainable business conduct is an important employee engagement driver, according to our employee surveys.

We regularly review our stakeholders' expectations and concerns to help us update our sustainability priorities. Our most recent review of our stakeholders' expectations was conducted in spring 2015. Our stakeholders continue to highlight the importance of topics such as sustainable products, safety, employee development, business ethics and compliance, responsibility along the supply chain, and reductions in environmental impacts both in our own operations and in the value chain. These stakeholder topics are addressed through our corporate responsibility focus areas.

Our approach to stakeholder engagement is based on our active stakeholder relationship management. It includes activities ranging from information sharing to active dialogue and collaboration on issues of mutual interest. More detailed information is provided in the following table.

MANAGEMENT APPROACH OF STAKEHOLDER ENGAGEMENT

Kemira stakeholders (G4-24)	Basis for identification and selection of stakeholders (G4-25)	Kemira's approach to stakeholder engagement (G4-26)	Key topics and concerns raised through stakeholder engagement (G4-27)	Kemira's response (G4-27)
Shareholders and lenders	• Share of value creation to investors through dividends and interests payments • 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. Approximately 200 events of this kind were organized in 2015.	• Alignment of corporate responsibility with Kemira's strategy and business activities • Potential business risks and opportunities related to corporate responsibility topics and transparency	• Kemira's approach to corporate responsibility management • Transparent reporting and disclosure (e.g. CDP)
Customers	• Our customers are Kemira's main source of value creation • Our customers' 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 • Customers' requests regarding Kemira's sustainability performance	• Product safety • Transportation safety • Reduction of environmental impacts in customers' manufacturing and products	• Product stewardship • Transportation safety programs • Sustainability checks in New Product Development
Employees	• A significant share of our value creation is channeled to our employees through salaries and payments • Employee well-being and capabilities influence our operational performance and value creation	• Employee surveys: Voices@Kemira biennially, and Pulse twice a year • Performance management process • Kemira European Forum • Town hall meetings • Compliance & Ethics Hotline	Key topics and concerns based on the Voices 2015 survey: • Performance management and rewards • Visible role modelling of Kemira values	• Performance and Development discussions • Leadership development, skills development and training programs • Documented action-plans produced in response to the findings of employee surveys
Suppliers	• A significant share of our value creation is channeled to our suppliers through payments for goods and services • Suppliers' responsibility and performance influence Kemira's value creation capability and reduce our business risks	• Working closely with core suppliers to help them meet our performance expectations, and take corrective actions if needed • Supplier performance management	• Our customers expect responsibility throughout the supply chain. • Business ethics and compliance	• Kemira Code of Conduct for Suppliers, Distributors and Agents • Supplier sustainability assessments
Local communities	• A significant share of our value creation is channeled to society through tax payments and employment • The safety and environmental performance of our operations may impact local communities' acceptance	• Collaboration with local communities at major sites to understand and address their concerns • Collaboration with schools and universities	• Safety and environmental risks • Employment opportunities	• Transparency, regular and open dialogue with local communities • Site specific activities, e.g. open door days • Regular industrial risk assessments
Regulatory bodies, trade associations, decision makers and opinion leaders	• These stakeholders have the capability to influence or make political decisions on environmental issues including climate change, and on chemical legislation	• Participation in the activities of industrial trade associations • Subject-specific dialogue with regulatory bodies on national and EU level • Managed relationships with selected non-profit organizations	• Resource efficiency • Safety of shale oil and gas and enhanced oil recovery • Chemicals safety	• Circular economy position paper • Active participation in CEFIC working groups* • Membership of Cleantech Finland and Climate Leadership Council

* Kemira is a member of the Chemical Industry Federation of Finland (CIFF) and the European Chemical Industry Council (CEFIC). Kemira's CEO is a board member in CIFF and in CEFIC.

OUR COMMITMENTS, GUIDELINES AND PRINCIPLES

The Kemira Code of Conduct and our commitments to the UN Global Compact and the Responsible Care program set the standards for the behavior expected throughout the company, and are integral elements of our management approach to corporate responsibility.

The Kemira Code of Conduct, which reflects the principles of the OECD Guidelines for Multinational Enterprises, defines expectations related to responsible business covering all of our operations. Our Code of Conduct also reflects the principles of The United Nations Global Compact. We expect our suppliers and other business partners to maintain the same high standards of operations, as defined in our Code of Conduct for Suppliers, Agents and Distributors.

The United Nations Global Compact was signed by Kemira in 2014 to emphasize our commitment to respect and promote human rights, implement decent work practices, reduce our environmental impact and combat corruption.

Responsible Care is a voluntary initiative launched by the global chemical industry to continuously improve the environmental, health, safety and security performance of the industry's products and processes. **The Responsible Care Global Charter** seeks to harmonize, govern and expand the Responsible Care ethic globally, with a special focus on product stewardship throughout the supply chain. Kemira Oyj has signed both the Responsible Care initiative and the Responsible Care Global Charter.

UN GLOBAL COMPACT
WE SUPPORT

Responsible Care
Our commitment to sustainability

2 OUR MANAGEMENT APPROACH

2.1 CORPORATE RESPONSIBILITY AT KEMIRA

Our corporate responsibility management approach aims to effectively identify, understand and manage the most significant impacts of our business activities on the environment, people and society.

For us, corporate responsibility means both being responsible throughout our own operations, and contributing to sustainable development all along our value chain. Our management approach to corporate responsibility is described in more detail for each focus area.

Management approach	Key topics for our management approach
Responsible business practices	Compliance to Kemira Code of Conduct
Sustainable products and solutions	Product stewardship and innovation
Responsibility for employees	Employee engagement Leadership development Workplace safety
Responsible supply chain	Sustainability in sourcing and supply chain management
Responsible manufacturing	Environmental impacts of our operations through energy and water usage and emissions
Responsibility towards the local communities	Safety of our operations Engagement of our employees for the benefit of Local communities

CORPORATE RESPONSIBILITY TARGET SETTING AND PERFORMANCE

Our corporate responsibility focus areas reflect Kemira's sustainability priorities, which are managed through target setting, and by following the principles of continuous improvement. The related targets and their respective KPIs are reviewed annually, with performance follow-up made on a quarterly basis and reported externally.

Our Management Board approves our corporate responsibility targets and KPIs. The Board of Directors is duly informed about these targets and our related performance, and its members also approve this Corporate responsibility section of Kemira's Annual Report.

OUR CORPORATE RESPONSIBILITY PERFORMANCE IN 2015

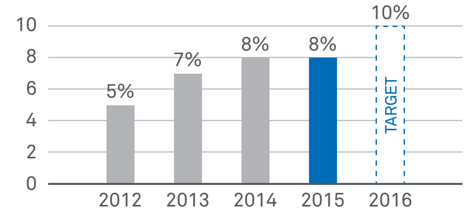
Focus area | **KPIs and KPI target values** | **Achievement 2015**

Sustainable products and solutions

Innovation sales

Target on progress

Share of innovation revenue in total revenue
→ 10% by the end of 2016

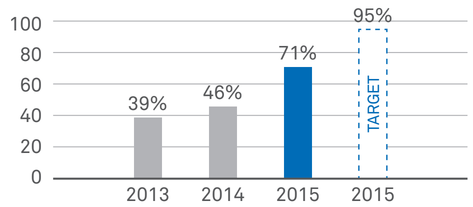


Responsibility towards employees

Leadership development

Target not achieved

People managers to participate in global leadership programs at least once during the period 2013–2015, cumulative %
→ > 95% by the end of 2015

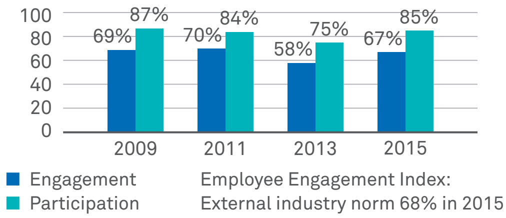


Employee engagement

Target achieved

Employee Engagement Index
→ Index at or above the industry norm by the end of 2015

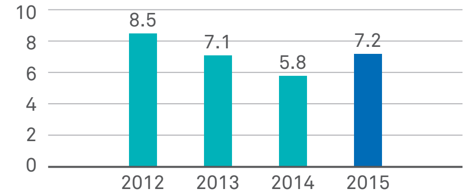
Participation rate in Voices@Kemira
→ 75–85% by the end of 2015



Occupational health and safety

Target not achieved

Number of total recordable injuries (TRI) per million hours worked (Kemira + contractors, 1 year rolling average)
→ Zero injuries

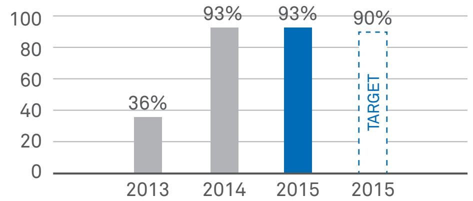


Responsible supply chain

Code of Conduct for Suppliers, Distributors and Agents

Target achieved

Share of supplier contracts with signed CoC-SDA as attachments
→ 90% by the end of 2015

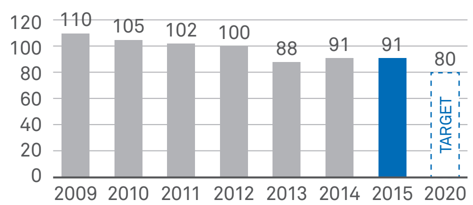


Responsible manufacturing

Climate change

Target on progress

Kemira Carbon Index performance
→ Index ≤ 80 by end of 2020 (baseline year 2012 = 100)

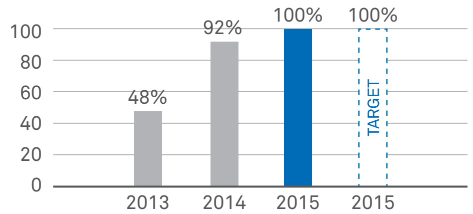


Responsibility towards the communities where we operate

Participation in local community involvement activities

Target achieved

Kemira sites with over 50 employees to participate in local community involvement initiatives at least once during the period 2013–2015, cumulative %
→ 100% by the end of 2015



UPDATED CORPORATE RESPONSIBILITY TARGETS

We updated our corporate responsibility targets for 2016 onwards based on our materiality analysis and review on stakeholder expectations.

Focus area	Issue	KPI's and KPI target values
Sustainable products & solutions	Innovation sales	Share of innovation revenue of total revenue, % → 10% in 2016
Responsibility towards the employees	Occupational health and safety	Number of Total Recordable Injuries (TRI) (per million hours, Kemira + contractor, 1 year rolling average) → Achieve zero injuries
	Employee engagement	Employee engagement index based on Voices@Kemira biennial survey → The index at or above the external industry standard
		Participation rate in Voices@Kemira → 75% or above
	Leadership development	Leadership development activities provided, average → Two (2) leadership development activities per people manager position during 2016–2020
Responsible supply chain	Direct supplier management	Number of onsite audits for suppliers (with lowest sustainability assessment score). → 5 suppliers audited every year during 2016–2020, average
Responsible manufacturing	Climate change	Carbon index → Kemira Carbon Index ≤ 80 by the end of 2020 (2012 = 100)

RESPONSIBILITIES AND RESOURCES

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

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

Kemira's segments and functions are responsible for the implementation of our corporate responsibility targets. This work is supported and coordinated by the Corporate Responsibility Management Team, which is chaired by our Director, Corporate Responsibility.

Members of the Corporate Responsibility Management Team represent the organizational units that are responsible for the implementation and business integration of our corporate responsibility targets. The team members are responsible for the management and performance follow-up of target implementation in their respective organizational units. They also make proposals concerning target updates and KPIs to Kemira's Management Board, as well as for performance reporting purposes. 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, who also approve our annual corporate responsibility report. Performance follow-ups in relation to our targets are conducted quarterly, and the results are reported to the Management Board and to Kemira's stakeholders through our interim reporting.

MONITORING THE EFFECTIVINESS OF OUR 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 our 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.

Across our operations in Europe we have implemented a European Integrated Management System, which brings our operational sites, and our existing Enterprise Resource Planning (ERP) processes, work procedures and responsibilities under one integrated management system. Similar work on a multisite management system is under way in North America. We regularly conduct extensive internal and external auditing and/or assurance in order to monitor the effectiveness of our management approach.

MONITORING THE EFFECTIVINESS OF OUR MANAGEMENT APPROACH

	Monitoring the impacts of business activities		
	Economic impacts	**Environmental impacts**	**Social impacts**
Internal auditing by Kemira functions			
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 assessment program	• Supplier assessment program
Environment, Health, Safety and Quality (EHSQ)		• 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 and all relevant functions (jointly with internal audit)
External auditing by independent service providers			
External certification partner for EHSQ management system		• Assessing and auditing • ISO 14001 environmental management systems	• Assessing and auditing • OHSAS 18001 occupational health and safety management systems • ISO 9001 quality management systems
External auditor 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 assuring our corporate responsibility report according to GRI G4		• Assurance of our environmental responsibility management processes and performance	• Assurance of our social responsibility management processes and performance

EXTERNAL SUSTAINABILITY RATINGS AND RECOGNITIONS

CDP

Kemira was recognized in the Nordic Climate Disclosure Leadership Index (CDLI) for the third consecutive year. Kemira achieved a disclosure score of 99 out of 100, and a performance band B (on a scale A-E).

Disclosure scores measured on a scale of 0–100 measure the levels of transparency companies demonstrate through their responses. The scheme's performance bands measure how effectively companies address climate risks. To secure a position on CDP's Nordic Climate Disclosure Leadership Index (CDLI) companies must achieve a disclosure score in the top 10% of the Nordic 260 sample of stocklisted companies.

ECOVADIS

Kemira was rewarded with a Gold recognition level for the company's corporate responsibility performance by EcoVadis, a collaborative platform providing sustainability ratings and performance improvement tools for global supply chains. With a score of 72/100 points, Kemira is in the top 2% of suppliers assessed by Ecovadis – both in all categories and within the chemical sector. In 2014, Kemira achieved Silver level with 58/100 points.

ROBECOSAM SUSTAINABILITY ASSESSMENT

Kemira participated in the voluntary RobecoSAM corporate sustainability assessment for the third time in 2015. However, our performance did not qualify us to be included in the RobecoSAM Sustainability Yearbook. Our score improved to 71 on a scale of 0–100 (from 70 in 2014, and 63 in 2013). Kemira's sustainability performance is rated clearly above the chemical industry average of 58 (55 in 2014 and 52 in 2013).

The feedback gained through this process has helped us to identify both our strengths and areas where we can make further improvement. For example, the 2015 results indicate that we have improved our performance on Product stewardship, while Customer relationship management and Human capital development are areas where further work is required to bring our performance up to the high standards we have achieved for other management practices.

2.2 RESPONSIBLE BUSINESS PRACTICES

As a global company we are committed to conduct our business in a socially responsible manner throughout our value chain. We fully comply with all applicable laws, regulations, our own policies and ethical standards in all of the societies in which we operate. Our approach involves having clear rules and guidance in place, which are easily accessible to all our employees and business partners.

ETHICS AND COMPLIANCE AT KEMIRA

The management scope of ethics and compliance at Kemira is based on the topics included in the Kemira Code of Conduct. Our management approach is based on activities designed to promote the principles of ethical business behavior.

The Kemira's Code of Conduct, which is aligned with our values, sets the minimum standards of expected behaviour for our employees and business partners. Our internal policies and procedures provide more detailed guidance to steer our daily work and decision making. The related policies are regularly reviewed and updated as necessary. Every Kemira employee receives regular training on our Code of Conduct, which is available in 21 languages and distributed to all our employees.

Kemira's suppliers are meanwhile obliged to follow our Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) in their business activities with us. This code sets requirements relating to issues including responsible business conduct, respect for human rights and environmental responsibility. Adherence to these principles is confirmed in writing. Both of these code of conduct documents can be found at www.kemira.com.

Topics included in the Kemira Code of Conduct	
COMPLIANCE WITH LAWS	• Compliance with the prevailing laws in every country where we do business is an essential principle for us.
ENVIRONMENT, HEALTH AND SAFETY	• We strive to protect the environment, health and safety and to promote quality in all of our businesses. • We aim to promote sustainable development including economic, environmental and social aspects. • We follow all applicable laws and regulations on chemical product safety, including those specifying how chemical hazards and information on the safe use of chemicals should be communicated.
PEOPLE	• We respect and support fundamental human rights, including the principle of equal opportunity and treatment, with no discrimination in relation to age, race, birth, gender, creed, political persuasion, social status or origin. • We do not employ forced or child labour. • We prohibit any kind of harassment at the workplace. • We respect the right of all personnel to establish or join trade unions and other representative organizations.
BUSINESS PARTNERS AND INVESTORS	• We only deal with reliable business partners who show consideration for the environment and people. We expect all of our business partners and subcontractors to comply with our Code of Conduct for Suppliers, Distributors and Agents. • We strongly support fair competition within the framework of applicable competition laws. • All Kemira employees are expected to comply with all applicable international trade controls and laws designed to combat terrorism, bribery and money laundering. • All Kemira employees must recognize and avoid conflicts of interest, and always disclose any potential or actual conflicts of interest.
USE OF COMPANY RESOURCES AND INFORMATION	• All Kemira employees must comply with all applicable laws, rules and Kemira policies relating to inside information and insider trading. • All Kemira employees must properly protect Kemira's assets. • We safeguard the confidentiality, integrity and availability of our proprietary information.

KEMIRA COMPLIANCE PROGRAM

The Kemira Compliance Program was launched in 2014 to further develop compliance management at Kemira on a continuous basis. Key achievements during 2015 include the launch of new compliance training modules that include online training on human rights, competition law compliance, insider information and bribery. The program is managed by our Ethics and Compliance function, which forms part of our Legal function. The program aims to coordinate and enhance our compliance activities and promote the principles of ethical business behavior.

ETHICS AND COMPLIANCE HOTLINE

Kemira's Ethics and Compliance Hotline was launched in 2013 as a 24/7 service that enables employees to report any non-conformities with our Code of Conduct and other Kemira policies. Users can report anonymously by either calling the hotline or filling in a web form. Awareness of the hotline has been promoted through employee communications. The hotline is maintained by an external service provider to facilitate anonymity. Kemira employees can additionally report suspected non-conformities to their own line management or to Kemira's Ethics and Compliance or Internal Audit functions.

The email address responsibility(at)kemira.com can also be used by non-employees to report cases of potential misconduct relating to Kemira or our business partners. This information is available on our website and in the Kemira Code of Conduct for Suppliers, Distributors and Agents.

FOR MORE INFORMATION, SEE THE RESPECTIVE MATERIAL ASPECTS AND GRI-G4 INDICATORS
Anti-corruption (SO3, SO4, SO5)
Public policy (SO6)
Anti-competitive behaviour (SO7)
Compliance (SO8) (EN29 by EHSQ , PR9 by PSRA)
Grievance mechanism (EN34, LA16, HR12, SO11)
Non-discrimination (HR3)
Human rights assessments (HR9)

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)
- Global Travel Policy (updated 2015)

ENVIRONMENT, HEALTH, SAFETY AND QUALITY
- EHSQ Policy (2013)

R&D AND INTELLECTUAL PROPERTY
- Employee Invention Policy (updated 2014)
- Intellectual Property Rights Policy (2014)

HUMAN RESOURCES
- Compensation Approval Policy (2013)
- Recruitment Policy (2013)

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

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

SOURCING & SUPPLY CHAIN MANAGEMENT
- Logistics and Transportation Policy (2014)
- Sourcing & Procurement Policy (updated 2014)

CASE

BUILDING AWARENESS OF HUMAN RIGHTS

Kemira conducted a Human Rights Impact Assessment (HRIA) in 2014, in line with the requirements of the UN Guiding Principles on Business and Human Rights, so as to identify human rights risk areas in our value chain and potential gaps in our current management approach. To enable us to address identified risk areas linked to our business relationships, our product stewardship, and our expansion in emerging markets, we need to ensure that our employees have sufficient knowledge of human rights and understand how to address any possible violations of human rights.

In early 2015, we surveyed 1,000 of our employees to get a better understanding of the current level of awareness of human rights across Kemira. The survey asked employees how well Kemira addresses and shares information on human rights issues, while also asking them whether they have come across any situations that might relate to possible human rights violations. The survey results indicated that we do need to raise awareness about human rights issues. About 35% of the respondents said that their level of knowledge about human rights is not adequate, although 85% felt that Kemira does address human rights issues well, and 65% said that the company shares enough information on human rights.

In response to the findings of the HRIA and employee survey we created and launched an online training course to provide our employees with information on what human rights are, how they should be taken into account in our daily work, and how we should act if we have any concerns about possible violations.

This training is obligatory for all employees who could face human rights issues in their work. The completion rate is being tracked by Kemira's management, and by the end of 2015, it had been completed by approximately 80% of the employees concerned.

Human rights topics were also highlighted in several news items published internally for our employees during the year.

2.3 SUSTAINABLE PRODUCTS AND SOLUTIONS

Resource efficiency is at the heart of Kemira's innovation strategy and customer focus. Our innovation work has particularly enabled us to acquire extensive knowhow on the usage of secondary raw materials and bio-based materials. We innovate together with our customers to improve efficiency in the use of water, energy and raw materials.

ISSUE	KPI target value
Innovation sales	Share of innovation revenue of total revenue → 10% by the end of 2016

GROWTH FROM INNOVATION

We supply chemicals to the pulp and paper, oil&gas and mining industries, as well as chemicals used in various industries to treat water, wastewater and sludge.

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

- Optimizing product quality and yield
- Enhancing process and energy efficiency
- Ensuring that water quality meets end-use specifications and regulatory requirements

Our main product lines include polymers, bleaching and pulping chemicals, coagulants, sizing and strength chemicals, and process chemicals such as defoamers, dispersants and biocides. Most of our chemicals are used as process chemicals to enable the conversion, recovery or extraction of materials, or to facilitate other manufacturing processes. Chemicals that form part of end-products are used to enhance specific product features or to enable lower quality secondary materials or less virgin raw materials to be used without compromising product quality.

Kemira currently employs 250 R&D experts, and innovation sales accounted for 8% of Kemira's total revenue in 2015 (8% in 2014). Our objective is for this indicator to reach 10% by the end of 2016. Innovation sales include sales of new products or products sold for new applications launched within the past five years.

RESOURCE EFFICIENCY AS AN INNOVATION DRIVER

Innovation drivers for new products include improved product performance, a reduced environmental footprint in the value chain, and safety demands throughout the product life cycle. Our innovation work also focuses on the identification and testing of alternative, more sustainable raw materials, particularly including secondary or bio-based materials. Our open innovation approach has especially been applied to find ways to increase the use of biodegradable products.

CASE

KEMIRA FENNOCIDE TR44 – HIGHER EFFICACY AGAINST BIOFILMS

In early 2015, Kemira brought to market a new biocide, FennoCide TR44 that introduces a highly effective and safe control against microbes adhering to surfaces in paper machines. FennoCide TR44 destroys biofilms at lower total amount of active substance than by standard biocide products on market. The use of FennoCide TR44 offers improved safety of chemical handling in the paper mills and reduces corrosion risk of paper machines.

The uncontrolled growth of bacteria in the wet-end of a paper machine can cause significant build-up of biofilm on machine surfaces. This biofilm growth is problematic for the papermaking process, since it can result in operational failures, production losses or unacceptable paper quality defects. The increased closure of paper mills' water circuits tends to worsen problems with biofilm growth.

Biocides are frequently added to paper process to control microbes in process water and on the surfaces of paper machines. Our FennoCide TR44 product contains a specially developed polymer to make the active substance with biocidic effect more tolerant to process water conditions. This means that a higher proportion of added biocidal substances will reach the machine surfaces and be able to combat microbial film effectively where it tends to grow. As a result, the biofilm growth is more effectively terminated.

The use of Fennocide TR44 provides either improved performance at a same cost or same performance at a lower cost.

Since the introduction FennoCide TR44 has been applied already in 11 paper machines.

SUSTAINABILITY REVIEWS IN NEW PRODUCT DEVELOPMENT

Sustainability reviews are conducted at every stage of the New Product Development (NPD) process. The NPD process starts with an idea generation and collection phase, and continues with five development stages and decision gates. Successful projects must demonstrate both improved sustainability and business benefits at each decision gate to justify the project's continuation and ultimately the product launch.

Our sustainability evaluations examine the economic, environmental and social impacts of any new product both on Kemira's operations and on our customers' operations. The NPD process also aims to identify more sustainable alternatives for raw materials in terms of safety and source.

The NPD process includes activities across functions and geographical regions. Each NPD project is supported by cross-functional teams to ensure that sustainability and business related factors are considered at every stage of the NPD process. R&D has ownership of the project execution whereas the business segments own their individual projects. In 2015, we updated our NPD process governance model to improve the throughput time of the innovation projects.

CASE

KEMIRA KEMCONNECT MAKES PROCESS MANAGEMENT SMARTER

Water intensive industries are facing growing pressures for cost-efficiency. At the same time, they need to meet strict environmental standards and monitor their emissions much more rigorously than before.

Digitalization facilitates new and innovative solutions, such as the Kemira KemConnect that combines Kemira's industry and diagnostics expertise with Internet of Things technologies. KemConnect is a full service package connecting smart devices with applications and proactive customer service. It stores, analyzes and manages process data in real-time within a highly secure infrastructure.

KemConnect covers multiple applications, including odor and corrosion control, fixation, pitch control, wastewater and raw water treatment, sludge handling, corrosion control, microbe control, as well as retention and drainage. It also offers solutions for the oil and mining industry through direct residual analysis of scale inhibitors in oilfield waters.

KemConnect is easy to use thanks to its robust monitoring interface with 24/7 data flow. Cost-efficiency is improved through more accurate dosing and smarter chemical management. More efficient process management allows better process runnability and improved end-product quality. KemConnect helps in identifying improvement opportunities that may have gone unnoticed before, and assists in troubleshooting and smarter decision-making.

With the help of KemConnect, paper mills have been able to lower their wastewater treatment costs, increase biodegradability of untreated wastewater, significantly decrease discharge values (measured from wastewater), make sludge handling more cost-efficient, and to improve paper machine runnability.

KEY INNOVATION MANAGEMENT ACHIEVEMENTS IN 2015

- Our project portfolio has been reviewed to better reflect the drivers for resource efficiency, safety, alternative raw material base and business growth potential.
- Our NPD process has been improved by adding further sustainability criteria and introducing quantitative evaluations in addition to qualitative assessments.
- NPD projects are now implemented with stronger cross-functional engagement and shorter time-to-market.
- The governance model of the NPD process was updated to enhance the throughput of innovation projects.

PRODUCT STEWARDSHIP AT KEMIRA

Kemira Oyj is a signatory to Responsible Care, a voluntary initiative of the global chemical industry that aims to continuously improve the environmental, health, safety and security performance of chemical products and processes. Product stewardship is one of the cornerstones of the Responsible Care initiative.

Through our Product Stewardship work we strive to ensure that our products can be safely used by our stakeholders, and that chemical risks and their impacts are duly incorporated into our decision making and operations throughout product life cycle management.

Product stewardship goes beyond regulatory compliance, which itself sets tight controls on the manufacture and sale of chemicals. Product Stewardship involves the responsible and proactive management of the health, safety and environmental aspects of a product throughout its life cycle. It covers activities related to the initial introduction of a product, its evaluation and modification during the product lifetime, and eventually the product's withdrawal from our product portfolio.

One of the key principles of product stewardship for chemicals relates to efficient risk assessment. It is vital to identify the intrinsic properties of a substance, the use conditions and the potential exposure to that chemical. This analysis helps us to focus our product and process development efforts in areas where our positive impacts on safety and sustainability along the value chain will be greatest.

Kemira's customers have their own sustainability targets and follow several voluntary certification schemes, including ecolabelling schemes, which set further expectations on our product offerings. Public discussion and concerns relating to specific chemicals and their hazards also affect our approach to product stewardship and chemical management. Kemira follows all such developments closely, and we take an active approach to fulfilling the expectations of different stakeholders.

PRODUCT STEWARDSHIP COMMUNITY ESTABLISHED

We launched Product Stewardship Community in 2015, aiming to increase our organizational awareness of any regulatory and stakeholder requirements which may impact our product portfolio, so that we can develop our capabilites to react promptly in response to any new requirements. The Community is also responsible for developing and executing management plans for substances associated with particular concerns and/or future regulatory restrictions that are relevant to our current portfolio. Management plans are prepared for all substances on the Kemira Priority Substance List which is drawn up by the Community and approved by our Operational Excellence Management Board.

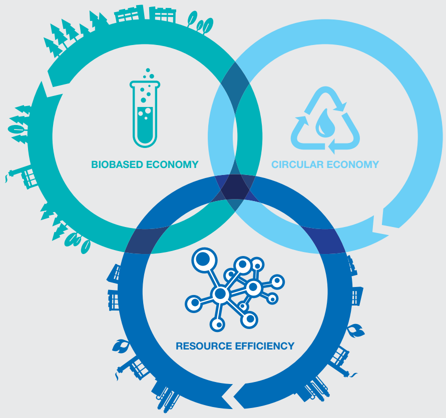
PRODUCT REGULATORY COMPLIANCE

The manufacturing and sale of chemicals is widely regulated around the world. Chemicals are regulated at multiple levels, including:

1) Regional and country specific inventories and substance registrations e.g. the Toxic Substances Control Act (TSCA) in the USA, the China Existing Chemical Inventory (IECSC), and the EU's REACH Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals).
2) Regulations related to hazard communication: including chemical classification, labeling and safety data sheet requirements.
3) End use or application specific regulations such as food contact regulations, biocide regulations and off-shore chemicals notification schemes.
4) Operational and site specific requirements related to rules and procedures such as environmental permits for operations and workplace health and safety regulations.

Key activities relating to regulatory compliance in 2015:

- We have continued to prepare for the remaining REACH registrations in the European Union, in order to meet our obligations before the end of the third and final transitional registration deadline in 2018.
- The Korean REACH regulation entered into force in 2015, and we have initiated preparations for the relevant registrations in Korea.
- We have continued to prepare registrations required under the EU Biocidal Products Regulation.
- Actions in relation to the United Nations' Globally Harmonized System (GHS) for classification and labeling of chemicals included: due implementation of new classifications with new safety data sheets and labels in the EU (by 1 June 2015 under Classification, Labelling and Packaging Regulations for chemical mixtures), in the US (for single substances and mixtures), and in Brazil (for chemical mixtures).
- We have fully implemented our own global labelling system, which is integrated with Kemira's Enterprise Resource Planning (ERP) system, and has been designed to harmonize labelling practices across our global operations.



KEMIRA´S APPROACH TO CIRCULAR ECONOMY

The European Commission presented its Circular Economy Strategy in late 2015 with the aim of transforming Europe into a more competitive resource-efficient economy. As part of the related process the Commission conducted a public consultation to survey stakeholders' views on barriers and enablers for the circular economy. Kemira participated in this consultation, and we have now also defined our position on the circular economy concept.

Our position paper demonstrates Kemira's current contribution to the circular economy, as evidenced in our customer offerings focusing on driving resource efficiency, our own operations, and our sourcing. Some 25% of the raw materials we procure for our operations originate from recycled sources or are industrial by-products obtained from external partners. The position paper provides examples of the need for policies to drive resource efficiency in three specific customer solutions: water recycling and reuse, fiber recovery and reuse, and phosphorus recovery and reuse. Kemira has also identified other challenges related to the realization of the circular economy in Europe, both in terms of removing obstacles for reusing and recycling raw materials, and with regard to the use of industrial by-products as raw materials.

Our Circular economy position paper is available at www.kemira.com.

FOR MORE INFORMATION, SEE THE RESPECTIVE MATERIAL ASPECTS AND 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)

2.4 RESPONSIBILITY TOWARDS OUR EMPLOYEES

Safety in the workplace and strong employee engagement form the cornerstones of our people management approach. Performance management, competence development and leadership development are key elements of our employee engagement work, enabling us to successfully execute our strategy. In addition to structured development programs on-the-job leadership development opportunities have been available to our employees through job-rotation and acquisition integration project.

ISSUES	Key performance indicators (KPIs) and related targets
Occupational health and safety	Number of total recordable injuries (TRI) (per million hours worked, Kemira + contractors, 1 year rolling average) → Zero injuries
Leadership development	People managers participating in global leadership programs at least once during the period 2013–2015, cumulative % → > 95% by the end of 2015
Employee engagement	Employee Engagement Index → Index at or above the industry norm by the end of 2015
	Participation rate in Voices@Kemira → 75–85% by the end of 2015

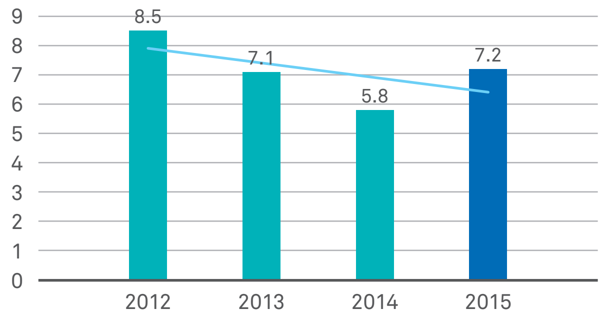
SAFETY IN THE WORKPLACE

Kemira's long-term vision for safety is "Zero harm to people". We are committed to develop a strong safety culture through committed management, by having skilled and well-trained employees, and by ensuring that incidents and observations are consistently reported, with improvement actions taken to address the root causes of incidents.

Our Environmental, Health, Safety and Quality (EHSQ) Policy requires that all manufacturing sites are certified in accordance with OHSAS 18001 management system standards for Occupational Health and Safety (OHS). By the end of 2015, 86% (75% in 2014) of Kemira's manufacturing sites were covered by OHSAS 18001 certification.

We measure our safety performance with the help of the TRI indicator (Total Recordable Injuries per million hours worked) which includes fatalities, lost time injuries, restricted work cases and medical treatment cases involving both Kemira employees and contractors working at our sites and facilities. Contractors' injuries and working hours have been included in our TRI figures since 2014.

TRI RATE
Total recordable injuries per million hours worked, covering Kemira's employees and contractors



By the end of 2015, we reported 7.2 injuries per million work hours.

No fatalities have been associated with Kemira employees since 2005.

Severity from 2012 to 2015 has decreased. In 2015, one case caused permanent injury to one employee. However, the number of small incidents and near misses has increased partly due to more active reporting.

Our safety performance improved from 2012 until 2014 but in 2015 there was a decline in safety performance. We have made a lot of efforts to improve our safety management system including new standards and compliance auditing. However, the speed and the effectiveness of implementation was slower than expected. Our measures to improve safety culture have been on activities which are aimed to prevent incidents and mitigate risks, e.g. to encourage near miss reporting, to share lessons learnt from incident reporting and safety training. In 2016, the focus will expand to improving behaviour based safety and safety will be an obligatory bonus KPI for all Kemira employees.

EMPLOYEE ENGAGEMENT

To achieve high standards of organizational performance we need both highly engaged employees and effective performance-enabling factors such as clear targets, structures and processes. Kemira regularly conducts employee surveys to gather feedback and further develop our culture and ways of working.

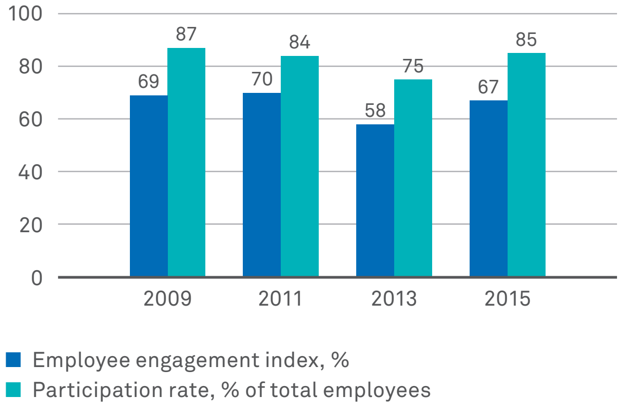
- **The Voices@Kemira people survey** is a comprehensive survey conducted biennially, most recently in spring 2015, to measure employee engagement factors and other performance-enablement factors. Engagement factors measure employees' emotional connections to their jobs, their colleagues, their managers and our whole organisation. Other performance enablement factors measure the extent of employees' commitment to customer service, product quality and the continuous improvement practices we have in place to achieve exceptional organizational results.
- **The Pulse survey** is a "quick" survey organized twice a year with a focus on engagement factors and aiming to gather feedback on current topics at Kemira. These surveys also help us to monitor our progress on action

plans resulting from the findings of Voices@Kemira people surveys.

VOICES@KEMIRA PEOPLE SURVEY RESULTS IN 2015

The Voices@Kemira results in 2015 met our target to have an employee engagement index at or above the industry norm, and a participation rate of 75–85%. Improved employee engagement was achieved by carefully creating, implementing and monitoring action plans designed to address areas for improvement identified in 2013.

EMPLOYEE ENGAGEMENT INDEX



In 2015, improved employee engagement continued to be a bonus-generating target for selected members of our Management Board, who had all been set such targets in 2014.

The survey results for 2015 indicate that the topics that most strongly engage our employees relate to sustainability, Kemira's strategy, the future of Kemira, and recognition. It is noteworthy that Kemira's values are also among the most important engagement drivers. Continued efforts are needed to improve communication on actions based on the survey results, and on role modelling of Kemira's values throughout the organisation. Performance management of employees with low performance was also recognized as a development area.

During the rest of the year we continued to work on the basis of the survey results. Action plans have duly been prepared and their implementation has started in all organizational units, aiming to address identified development areas and build on identified strengths.

PERFORMANCE MANAGEMENT

Kemira's performance management process aligns our strategic targets with each employees' personal targets, performance evaluation, competency requirements and development plans. This process is now well established in Kemira as part of our leadership culture, and it forms the backbone of our management system. The process consists of formal Performance and Development Discussions (PDD) and Performance Evaluations, which are also linked with our Talent Management process and our Annual Salary Review Process. An online tool is used to document and follow-up on our Performance Management Process globally.

- **PDD discussions** are formal discussions between managers and individual employees. They focus on setting, following-up and evaluating performance targets, while also identifying and agreeing upon professional development needs and related actions. Formal PDD discussions provide a valuable structure, process and tool for documenting and following-up on these issues for each employee. PDD discussions are conducted twice a year with white collar employees, and once a year with blue collar personnel.
- **Performance Evaluations** form part of the PDD discussions held with white collar employees. They aim to assess the overall performance of individual employees consistently and fairly. The outcomes of performance evaluations provide input for employees' personal development planning as well as our Annual Salary Review process.

The performance management process is facilitated and supported by our Human Resources function while its ownership is a business responsibility, and all of our people managers have the responsibility to have the individual discussions with people reporting to them. The process covers all Kemira employees globally, and provides transparent, fair and consistent performance management independent of their location or organisational position.

Other global people processes and the respective online tools enable efficient people management, encompassing talent management, learning management, recruitment and compensation. Continuous improvements in our people processes and the respective online tools aim to enhance our operational efficiency and enables the consistent application of employment practices across Kemira.

COMPETENCE DEVELOPMENT AND LEADERSHIP DEVELOPMENT

The key principle behind competence development at Kemira is that every employee has the right to develop. Managers are responsible for providing their employees with opportunities to develop, while the company creates related opportunities and supports competence development. We expect all of our employees to take an active approach when developing their competencies.

Our aim is to have a strong leadership bench to meet our business needs in relation to executing our strategy and driving our long-term growth. Our global Talent Management process provides a structured way to identify employees that have potential to develop for leadership positions. The process also ensures that these employees have robust development plans to support their leadership development. Key leadership development methods include job-rotation, leadership programs, coaching, mentoring and leadership assessment centers. The Talent

Management process is conducted every year, with documentation and follow-up realised in our online tool.

Our approach to develop competencies and leadership capabilities emphasizes on-the-job learning, as this is one of the most effective ways for employees to develop. We encourage job rotation across the organization through our open job market, which means that all job positions are globally announced. Job rotation across Kemira's functions and regions increased during 2015.

Another widely used on-the-job learning opportunity involves participation in business projects.

Our leadership development target has been to have 95% of our people managers participating in one or more of our globally offered development programs at least once during the period 2013–2015. However, the cumulative participation rate remained at 71% by the end of 2015. The reason for our failure to achieve the target relates to a deliberate decision to postpone a significant number of planned leadership programs beyond 2015, due to new business priorities arising from the integration project for the paper chemicals business acquired from AkzoNobel, which represented a significant development opportunity for many of our leaders. Participation in cross-functional and company-wide integration workstreams offered extensive and unique leadership development opportunities for close to hundred managers during 2015.

FOR MORE INFORMATION, SEE THE RESPECTIVE MATERIAL ASPECTS AND 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)
Freedom of association and collective bargaining (HR4)

CASE

WORKING CONTINUOUSLY TO IMPROVE SAFETY CULTURE

Ensuring the safety of our operations is a top priority at Kemira. We aim to achieve a zero-injury level across the company. Seventeen of our sites have now operated for more than five years without any injuries. Three of these sites share their experiences below.

In 2015, our ferric sulphate plant in **Prerov** in the Czech Republic reached a milestone by operating for ten years without any recorded injuries. The plant's safety team has put in a lot of hard work to improve safety – starting by finding ways to learn from mistakes and sharing ideas from other people on how to improve safety. The plant then obtained OHSAS 18001 certification, through a process involving strict risk assessments and improved near miss incident reporting. Quarterly safety monitoring sessions are additionally organised at Prerov together with a team of consultants with expertise on safety, environmental matters, fire prevention, electricity, pressure vessels, lifting devices and transport safety.

Our paper chemicals plant in **Vancouver** has not experienced any lost time accidents since 1995 or any recordable injuries since 2009. The plant's safety

culture is based on open communication, which is a feature typical to all of our sites with successful safety results. The plant's safety team actively strive to focus everyone's attention on safety issues, make everyone aware of risks, and continuously look for safety improvements. There is also a strong emphasis on empowering employees to initiate safety improvements themselves. Related practices include morning safety meetings, behavioural observations and monthly workplace inspections by employees.

Our water treatment plant at **Ellesmere Port** in the UK has worked without any accidents for seven years. Safety awareness is prioritised throughout the site – also when working with customers and contractors. This is important, since an average of 50 tankers or trucks belonging to the plant's customers or contractors visit the plant every week.

Open communications regarding safety issues are encouraged among the plant's staff, with managers taking time to explain to their teams how safety initiatives can reduce risks when they are effectively adopted as part of everyone's daily work. Managers also highlight the potential impacts of unsafe practices.

All of the three sites treat improving safety as a continuous mission that starts again at the beginning of every shift.

2.5 RESPONSIBLE SUPPLY CHAIN

Kemira is committed to manage relationships with our suppliers in a responsible way. We expect our suppliers to comply with our Code of Conduct for Suppliers, Distributors and Agents. Our management approach aims to build a culture of responsibility in our supply chain management, develop responsible business practices along our supply chains, and minimize business disruptions due to potential environmental or social issues. Supplier relationship management is the key management activity we realize to integrate sustainability practices along our supply chain.

ISSUE	Key performance indicator (KPI) and related target
Code of Conduct for Suppliers, Distributors and Agents to be signed by our suppliers	Supplier contracts with signed CoC-SDAs as attachments → 90% by the end of 2015

SOURCING AND SUPPLY CHAIN MANAGEMENT (G4-12)

Our Sourcing is globally responsible for strategic spend management, which is organized independently from our operational Supply Chain Management services.

- Sourcing activities cover the identification and selection of suppliers, the consequent negotiations and contract management, and the management of supplier relationships. Our supplier selection criteria are based on cost competitiveness, short-term operational excellence and long-term business stability. The selection criteria will be complemented with sustainability aspects in 2016.
- Our Supply Chain Management provides related services to all of our business segments, once the supplier relationships are established by Sourcing. Supply Chain Management services include customer service, logistics, supply chain planning, and procurement. Supply Chain Management is organized in four regional units each providing all the services needed within their respective regions.

The total spend of Kemira's sourcing amounted to about EUR 1.8 billion in 2015, including the sourcing categories direct materials, energy and logistics, and indirect goods and services. The total number of suppliers in all of our sourcing categories globally is about 13,000. Geographically about 80% of these suppliers are from Europe, the Middle East, Africa and North America. Kemira has about 650 direct material and logistics suppliers, of which about 160 core suppliers account for 80% of our total direct spend.

SUPPLIER RELATIONSHIP MANAGEMENT

Supplier relationship management at Kemira is built on four pillars: supplier segmentation, commitment to responsible business conduct, supplier performance evaluation, and our Vendor Value Program.

- **Supplier segmentation** involves prioritizing our suppliers into categories for strategic, critical, volume and base suppliers with regard to supplier value, criticality and risk levels.
- Our work to ensure **commitment to responsible business** conduct is based on the principle that any 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 commit to adhere to responsible business conduct by signing our Code of Conduct for Suppliers, Distributors and Agents.
- Our **Supplier Performance Evaluation (SPE)** program was launched in 2012. 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 any issues needing improvement. **Supplier Sustainability Assessments** (SSA) also form part of the SPE program as a tool for supplier evaluation.
- Our new **Vendor Value Program** was launched in 2015 to support our strategic management of supplier relationships. The program aims to develop capabilities that will enable the identification, partnering and management of strategic and critical suppliers along the various value chains associated with Kemira's product lines.

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 relation to all of their dealings with Kemira. The CoC-SDA contains requirements on issues including responsible business conduct, respect for human rights, and environmental responsibility. Kemira's Sourcing and Procurement policy emphasizes that adherence to these principles is to be confirmed in writing by all repeat suppliers with an annual spend value of at least EUR 200,000 for indirect materials or at least 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 assess whether we need to cease all purchases from such a supplier. Signed CoC-SDAs are registered in Kemira's contract archive.

Our target has been that by the end of 2015 at least 90% of repeat suppliers should have signed the CoC-SDA when agreeing purchase contracts. By the end of 2015, 93% of Kemira's repeat suppliers had signed such CoC-SDAs.

SUPPLIER SUSTAINABILITY ASSESSMENT

Supplier Sustainability Assessments are conducted as part of our Supplier Performance Evaluation program. These assessments focus on the most critical and risky suppliers as defined with regard to several criteria, including total spend, technology and capability fit with Kemira's needs, and an additional 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 the Responsible Care program. Based on these assessments, suppliers are classified into high risk, medium risk or low risk categories. The suppliers invited to participate in such assessments have mainly been direct material suppliers, but some service and logistics providers have also been assessed. We have implemented improvement plans together with certain suppliers who were rated in the high risk category. Suppliers with ongoing improvement plans are reassessed the following year. A total of 76 supplier sustainability assessments have been completed since 2014, including 27 in 2015 and 49 in 2014.

LOGISTICS OPERATIONS AND TRANSPORTATION SAFETY

Our environmental impacts from transport relate mainly to greenhouse gas emissions to air. We take an active approach to influence downstream emissions from the transportation and distribution of our products. Kemira transports about 6 million tons of cargo per annum. We can reduce the related emissions by optimizing our logistic operations, by selecting favorable transportation modes, through contract negotiations and by auditing our logistics service providers. Long-distance transportation of goods by train or ship typically results in lower emissions per transported ton than short distance transportation by road vehicles. Favorable multimodal transport solutions are also used whenever possible.

We choose to use logistics service providers who are committed to use vehicles that comply with the latest emission standards and load optimization guidelines. We annually audit our most important Logistic Service Providers (LSP) for each transport mode. Auditing criteria cover issues including transport safety and the usage of low emission vehicles. Some LSPs are also assessed for supplier sustainability as part of our Supplier Performance Evaluation (SPE) program.

It is crucial to actively manage transportation safety to prevent any environmental and social impacts that could result from spills and traffic accidents. Kemira has establised a cross-functional task force team to improve transport safety practices. We also monitor all such incidents along our supply chains.

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

CASE

TRANSPORTATION SAFETY – A SHARED RESPONSIBILITY

Kemira introduced its global EHS (Environment, Health and Safety) Transportation Standard in 2014. It was co-created by Kemira's regional EHS and transportation teams to make sure that it covers different local, regional, national and international regulations. It also includes the best practices that existed in each region.

The purpose of the global EHS Transportation Standard is to ensure that materials and products are safely moved independent from the mode of transport being used. This way the company also wants to avoid damage or injury and minimize the effects of danger, when its materials and products – dangerous goods in particular – are involved in an incident or accident during transportation.

Based on our Global EHS Transportation Standard Kemira´s regional Transport Safety Programs were developed. These provide detailed guidance to develop and improve local procedures or work instructions on transport safety and security. The team created standardized processes, self-assessment documents and checklists for the local use. With these, the practices and reporting are aligned across regions.

Besides the introduction of the Global EHS Transportation Standard and the regional transport safety programs, a number of initiatives started that make it a shared responsibility and a development area.

- Transportation safety is one focus area to the regional management team. The topic is a regular item in the regional management meetings, where local KPI progress is monitored and new safety initiatives are discussed and agreed on.
- To ensure that the Global EHS Transportation Standard and the transport safety program is widely recognized at Kemira, the team trained employees in Americas and EMEA in 2014–2015. The local EHS people, plant managers, supply chain managers as well as the key leaders in R&D, customer service and sales attended the training sessions.
- Each Kemira site/plant was tasked together with the EHS transport safety team to make initial gap assessments to identify key areas for improvements. The gap closing is an ongoing process and monitored at the site.
- The EHS transport safety team visits local sites regularly. During these visits the team performs transportation safety assessments, but even more important is the counsel and practical support that they provide to the local teams. These visits also help build bridges between different functions and regions.
- Overall the daily communications between different teams, sites, and regions has improved significantly. Best practices from regions are shared more actively than before.

2.6 RESPONSIBLE MANUFACTURING

The main environmental and societal impacts of Kemira's manufacturing operations relate to greenhouse gas emissions and safety issues. During 2015 we further enhanced our management system for Environment, Health, Safety and Quality (EHSQ). Ensuring the safety of our operations is permanent top priority for Kemira. We have also started to upgrade our Energy Efficiency Enhancement program from E3 to E3plus.

ISSUE	Key performance indicator (KPI) and related target
Climate change	Kemira Carbon Index → an index score of at least 80 by the end of 2020 (baseline year 2012 = 100)

EHSQ MANAGEMENT SYSTEM

Effective Environmental, Health, Safety and Quality management systems are among the highest priorities in all Kemira's operations, since they represent a fundamental prerequisite for conducting our business. Kemira's EHSQ Policy requires all Kemira companies and operations to implement and maintain certified EHSQ management systems. Our goal is to continuosly improve customer satisfaction levels, enhance our safety performance, improve our energy efficiency, and reduce harmul environmental impacts and quality failures.

OUR EHSQ VISION IS:

- Zero environmental harm through Environmental Excellence
- Zero harm to people through Health & Safety Excellence
- Customer Satisfaction through Operational Excellence

We aim to have all Kemira sites certified to the ISO 9001, ISO 14001 and OHSAS 18001 standards by the end of Q1 2017. Major energy consuming sites in the European Union will be certified under ISO 50001 to meet the requirements of the EU's Energy Efficiency Regulation.

MAIN SCOPE OF MANAGEMENT SYSTEMS

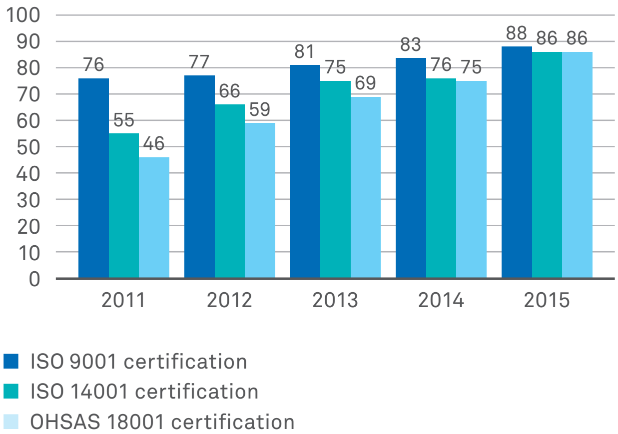
Customer satisfaction	ISO 9001
Environmental impact	ISO 14001
Energy efficiency	ISO 50001
Health and safety	OHSAS 18001

Kemira's EHSQ management systems cover our value chain processes all the way from our suppliers to our customers, to ensure that all of the environmental, health and safety and quality aspects of our work are well managed. We define KPIs and annual improvement targets at global, regional and site level, and conduct monthly KPI monitoring and quarterly management reviews on a regional basis.

During 2015 we reviewed the criteria applied in our management reviews and audit program. Our global audit program has a three-year scheme for internal and external auditing.

In 2015, audit program covered 77 site locations, which included manufacturing sites, major office locations and R&D centers. Certification rate for site locations were 88% for ISO 9001 and 86% for ISO 14001 and OHSAS 18001.

CERTIFIED MANUFACTURING SITES, %



Total number of manufacturing sites 64 at the end of 2015. Our Helsingborg site in Sweden is additionally certified under ISO 50001.

Our management system approach is supported by our LEAN manufacturing culture, which aims to achieve continuous improvements and create more from less, while providing increasing value to our customers. Its measures include the optimization of value chains and flows of information, and improvements in production efficiency.

SAFETY AT MANUFACTURING SITES

Our safety management work at our manufacturing sites focuses on workplace safety, process safety, transportation safety, and industrial risk assessment. Our management systems are certified in line with the OHSAS 18001 standard, Kemira's EHSQ policy, and our internal safety standards. During 2015 we upgraded our incident and non-conformity management tool, complemented our set of internal safety standards, and provided training for our employees on new EHS standards.

Minimum requirements related to safety, environment and health protection, incident reporting and EHS management are set out in the official Kemira EHS standards approved by our Management Board. Local procedures are developed based on local legislation, regulations and culture, as well as our own standards. Training on standards is an important part of our safety work.

We regularly evaluate environmental and safety risks related to our activities in the vicinity of our manufacturing sites. We conduct industrial risk assessments and emission monitoring at every manufacturing site, as defined in regulatory requirements, the ISO 14001 management system and Kemira's own internal standards

RESPONSIBLE ENERGY MANAGEMENT

Managing improvements in our energy efficiency and energy sourcing is the best way for us to reduce our energy usage and related costs. Energy costs amount to about 15% of our total operating spend.

In 2015, 12 of our 64 sites together consumed 90% of the energy we use, and accounted for 95% of our carbon dioxide emissions. A substantial proportion of our energy management activities is focused on these most energy intensive sites which include six sodium chlorate manufacturing plants in Finland, USA and Uruguay. Sodium chlorate plants are using more than 50% of the electricity we purchase. Electricity prices consequently play an important role in the capacity utilization rates of our chlorate plants.

OUR UPGRADED ENERGY EFFICIENCY ENHANCEMENT PROGRAM – E3PLUS

During 2015 we initiated the upgrading of our Energy Efficiency Enhancement Program which is now named E3plus. This upgraded program will continue the energy efficiency improvement work and activities started in 2010. The program aims to reduce the overall specific energy consumption of all our sites (measured as kWh per ton of product) and thereby reducing our energy cost.

The key focus areas of E3plus program are:

- global alignment of energy efficiency management across all Kemira sites
- energy efficiency reviews conducted to identify improvement projects and support their implementation
- further development of our energy efficiency management system facilitating ISO 50001 certification

Our energy efficiency and emission reduction measures focus on our most energy intensive sites. Based on energy consumption data collected in 2015, our aim is to set ambitious energy efficiency targets for our largest energy consuming sites during 2016.

During 2015 we enhanced our energy efficiency and technology management by creating a new global level position for an expert who will lead energy efficiency operations and activities.

Since the start of the E3 program in 2010, energy efficiency improvement measures have been continously implemented across Kemira's operations. Energy efficiency improvement measures realised during 2015 continued to focus on manufacturing processes, with investments made in more energy efficient equipment and production lines. The modernization of the process equipment used in our two highly energy intensive chlorate plants in Finland, Joutseno and Sastamala, continued in 2015. Further energy efficiency improvements have been achieved as part of the upgrade projects realised in other production plants.

Energy savings achieved through 30 projects realised across Kemira's operations during 2015 totaled 7,664 MWh (1,855 MWh) leading to cost savings of EUR 0.3 million (EUR 1.2 million). Cumulative cost savings achieved through about 430 initiatives completed globally since 2010 now total EUR 8.7 million.

CASE

NEW INNOVATIONS TO IMPROVE ENERGY EFFICIENCY IN CHLORATE PRODUCTION

Kemira is one of the largest global producers of sodium chlorate, which is used in the forest industry to bleach pulp. Our production sites in Finland, USA, Uruguay and the new one in Brazil, use manufacturing processes based on our own patented electrolysis cell technology. In Finland, Kemira produces sodium chlorate in Sastamala, Joutseno and Kuusankoski.

The sodium chlorate production process is highly energy intensive. In order to improve efficiency and extend the service life of electrolysis cells, Kemira has carried out intensive technology and process development work at Joutseno and Sastamala over several decades.

Our facilities in Sastamala include a workshop dedicated to the manufacture, upgrade and maintenance of electrolysis cells. Our latest technology is based on tailored titanium cells, which consume less electricity and have lower operational and maintenance costs than the technology we used previously.

Every step taken to improve efficiency in such energy intensive manufacturing processes can easily result in savings corresponding to the amounts of electricity used to heat hundreds of homes. Kemira will adopt the new technologies in all new sodium chlorate manufacturing sites, and wherever feasible in existing sites.

RESPONSIBLE ENERGY SOURCING

The Kemira facilities using the highest shares of the electricity we purchase are our three energy intensive chlorate manufacturing sites in Finland. Electricity price risks are mitigated through strategic investments in energy-generating companies, and by hedging a portion of our energy and electricity spend. Kemira owns shares in the Finnish energy companies PVO (Pohjolan Voima Oy) and TVO (Teollisuuden Voima Oyj).

During 2015 Kemira received ´Guarantee of Origin´ certificates for 105,895 MWh relating to purchased electricity from hydro power and wind energy. All the certificates granted to Kemira were cancelled i.e. they were made non-tradable and their benefits were redeemed by Kemira.

We purchase the rest of the electricity we use in Finland from Nord Pool Spot.

In other countries, energy is purchased from local suppliers taking into account the favorability of the energy source.

TARGETED REDUCTIONS IN GREENHOUSE GAS EMISSIONS

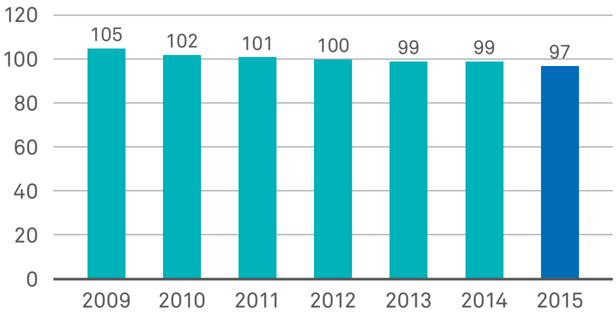
Kemira introduced a climate change target in 2014 to reduce the Kemira Carbon Index by 20 percentage points by the end of 2020 compared to the baseline year 2012. Our key measures to reduce greenhouse gas emissions include:

- Improving energy efficiency in manufacturing processes
- Purchasing energy and primary fuels with a lower carbon footprint
- Reducing the share of fossil fuels in our energy mix, especially in Finland

Kemira Carbon Index value in 2014–2015 is not decreasing due to increased share of carbon-intensive feedstock required by our product mix.

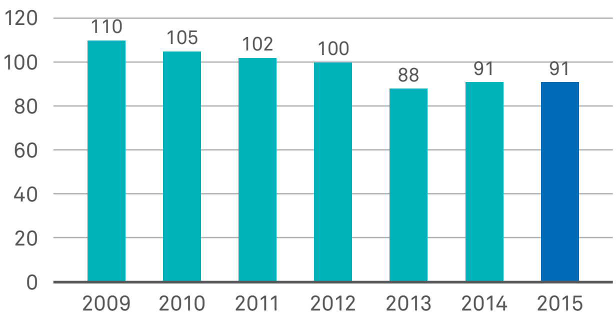
In 2015, we initiated the process to establish site specific energy efficiency improvement and emission reduction targets.

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 (12 sites in 2015 vs 10 in 2014) that cover > 90% of Kemira's total energy use. The index is independent of the impact of changes in the production volumes but can be affected of product mix. 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

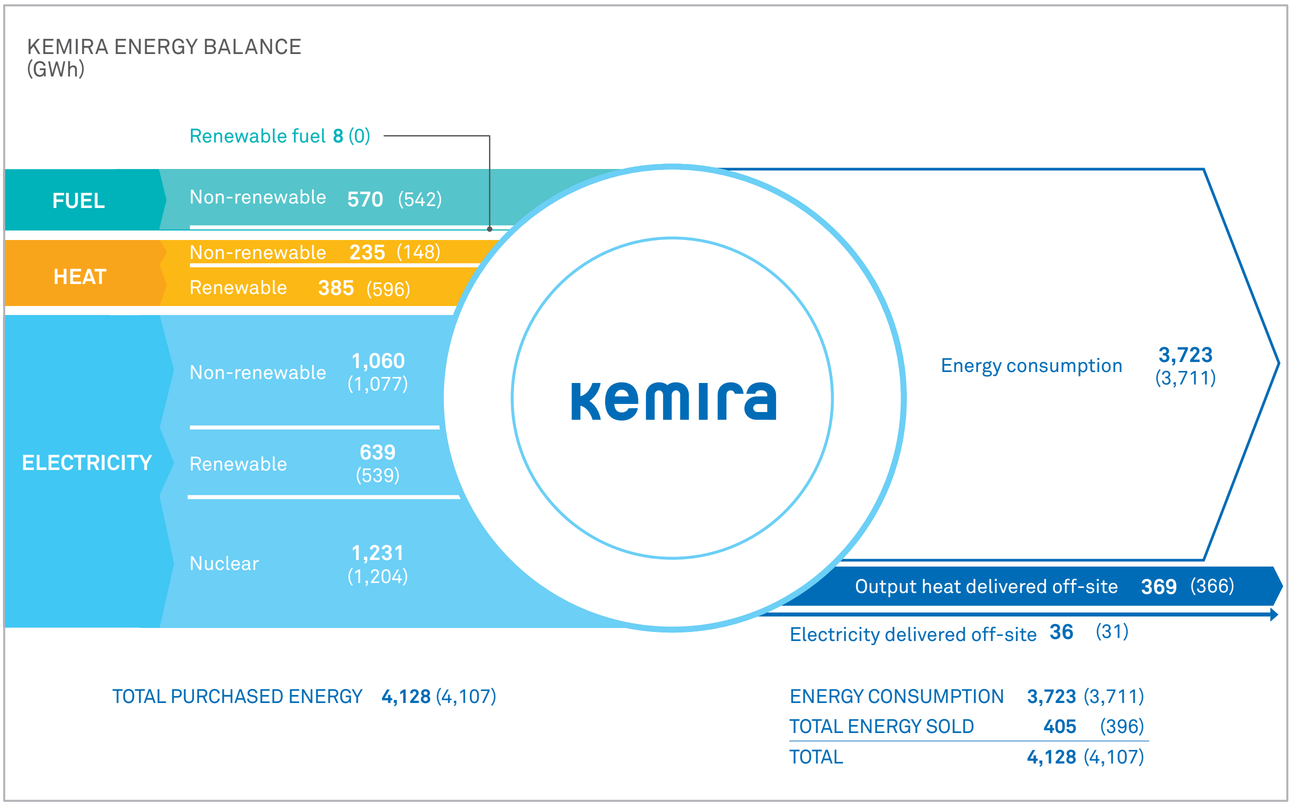


Kemira Carbon Index was defined to monitor our CO_2 performance from both consolidated and individual manufacturing site perspective. The Kemira Carbon Index covers CO_2 emissions of Scope 1 and Scope 2 excluding direct emissions from chemical processing, and is not dependent on production volumes but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

In 2015, the figures for 2013–2014 were restated due to more accurate site specific information available.

REMARKS ON ENERGY EFFICIENCY INDEX AND CARBON INDEX CALCULATION LOGIC

In 2015, two new sites were included in the energy efficiency and carbon indices. Data from the sites that come into the index are introduced the year they come in. We do not back-calculate data for these or update the 2012 baseline. Feedstock fuels are included in the energy calculations, as they indirectly contribute to energy production at some of our sites. For consistency purposes, feedstock fuels for all sites are included.



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.

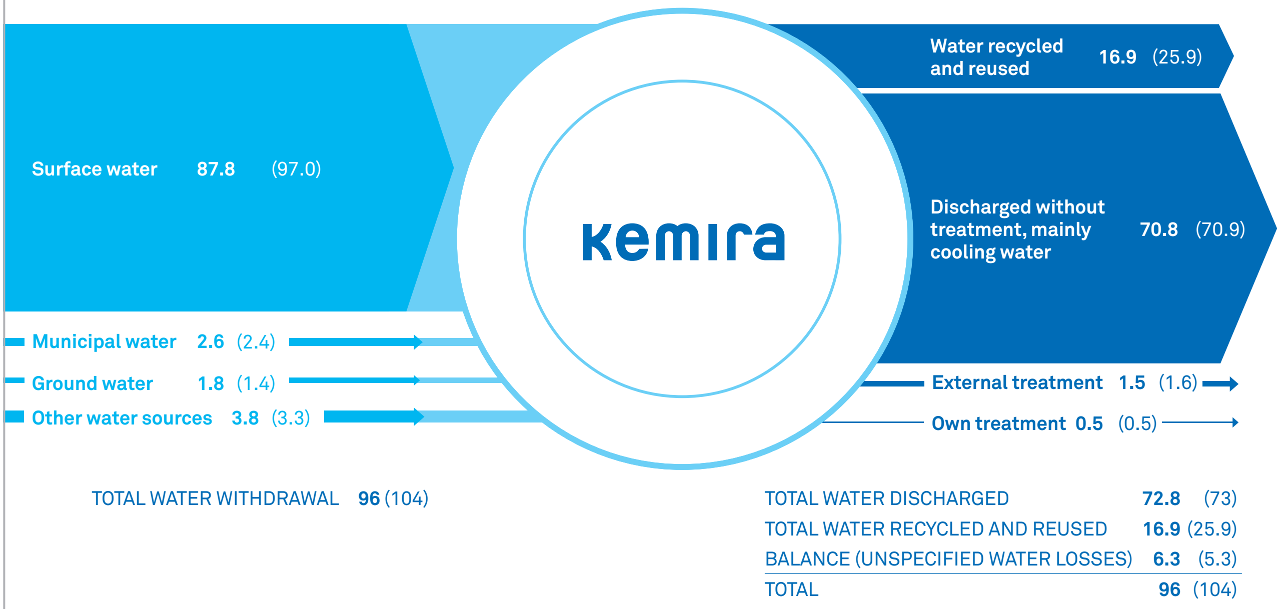
WATER MANAGEMENT

In Kemira's manufacturing facilities water is mainly used as process water and cooling water. Water efficiency management forms part of our wider environmental management system.

A water risk assessment was conducted in 2014 to define potential risks related to Kemira's operations with regard to local water resources and the environment, as well as potential water scarcity risks that could affect our business. The assessment concluded that water risks are not material for Kemira on a global level, but four sites were selected for more detailed risk assessments. These assessments were completed in 2015, and their conclusions indicated that no specific management plans are currently needed.

KEMIRA WATER BALANCE

(million m³)



Kemira aims to have minimum 90% accuracy on the water balance.

For more details on water balance, see page 33.

2.7 RESPONSIBILITY TOWARDS THE LOCAL COMMUNITIES

Kemira is committed to create positive social impacts in communities close to our operations. Key priorities include transparency on safety and environmental impacts in the vicinity of our manufacturing sites, promoting chemistry and our industry as an educational and employment opportunity, and maintaining open dialogues with local authorities and other stakeholders.

ISSUE	Key performance indicator (KPI) and related target
Participation in local community involvement activities	Kemira sites with over 50 employees participating in local community involvement initiatives at least once in the period 2013–2015, cumulative % → 100% by the end of 2015

We regularly evaluate environmental and safety risks related to our activities in the vicinity of our manufacturing sites. We conduct industrial risk assessments and emission monitoring at every manufacturing site, as defined in regulatory requirements, the ISO 14001 management system and Kemira's own internal standards.

In our dealings with local stakeholders our goals include transparency, trust and continuous dialogue. We also encourage our employees to engage with local community initiatives and activities on a voluntary basis.

Kemira has global guidelines covering the planning of local community events. Our Sponsorship and Donation Policy provides guidance on the permissible extent, suitable purposes and general acceptability of cash donations, sponsorships, contributions to community involvement initiatives and other donations made on behalf of or in the name of any Kemira company.

Our target for community involvement has been to ensure that all Kemira sites with more than 50 employees (26 sites in 2014, 26 sites in 2015) would engage in local community initiatives at least once in the period 2013–2015. By the end of 2015 all the Kemira sites of this size (92% by the end of 2014) had duly organized local events and activities, with some sites hosting multiple activities.

All our community involvement activities are locally selected, planned and implemented. Examples of local activities include open house days for local residents at our manufacturing sites, cooperation with local schools and universities, and local charity work, including suitable donations.

FOR MORE INFORMATION, SEE THE RESPECTIVE MATERIAL ASPECTS AND 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)

CASE

WATER STEWARDSHIP INITIATIVE IN GUANGXI PROVINCE, SOUTHERN CHINA

In 2013, Kemira and Stora Enso launched a water stewardship initiative in the Guangxi Province of Southern China, where Stora Enso holds tree plantations. The goal of the joined initiative was to find new solutions for responsible water management in collaboration with the local communities. The initiative was successfully completed in 2015.

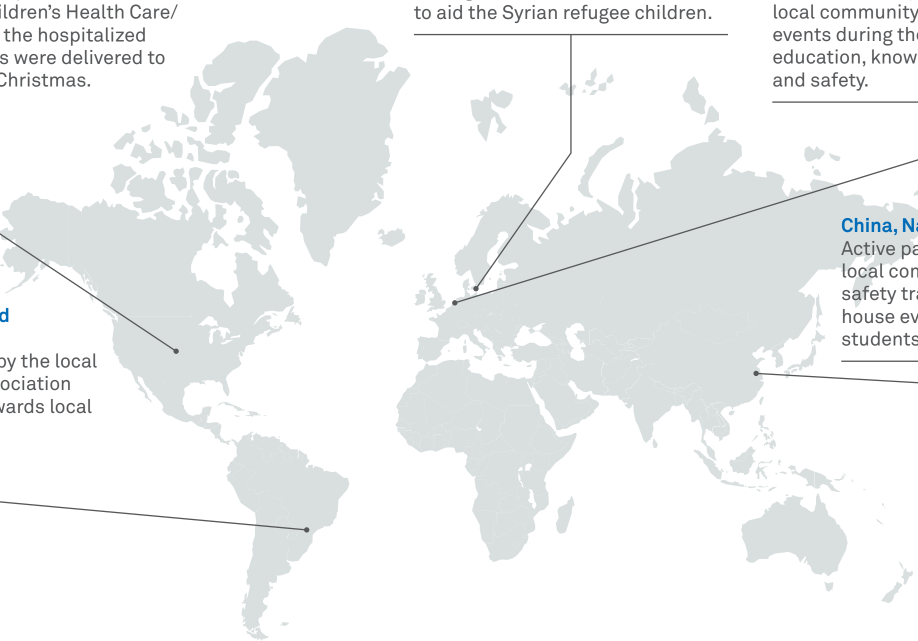
As a starting point, a study of water use, supply and quality was conducted in 2014. Close to 1,100 people – representing villagers, authorities and local NGOs – participated in the interviews. Pilot projects were launched in the rural villages of Nahupo, Shengping and Baimei, addressing the villagers' concerns regarding sewage treatment, drinking water supply and livelihood support. From the very beginning, the initiative was based on active stakeholder engagement and local community work. Awareness-raising campaigns and trainings were conducted among local residents to ensure long-term benefits to the community.

As part of the capacity-building, a water treatment plant was renovated, wetlands, wells and water storage tanks were built and a total of 12.7 km of water and sewage piping were laid. The systems were designed to suit the specific need of each village and special attention was paid to easy maintenance.

The initiative has been received well in the local communities, judging from the positive feedback received from satisfaction surveys. Also the project auditors, Bureau Veritas China, credited Stora Enso and Kemira, stating that the companies took the needs and concerns of the villagers into account.

Thanks to the water stewardship initiative, nearly 2,600 villagers now have better access to clean water and are able to handle wastewater in a more responsible way.

EXAMPLES OF COMMUNITY INVOLVEMENT



In 2015, approximately 50 community involvement activities were organized at 26 major Kemira sites. Between 2013 and 2015 approximately 240 activities were organized.

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

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 to improve their water, energy and raw material efficiency. 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 economic value retained increased to EUR 161.0 million (-11.7) due to improved cash flow from operating activities.

Stakeholder	Economic value, EUR million	2015	2014	2013	2012	2011
	Direct economic value generated					
Customers	Income from customers on the basis of products and services sold, and financial income	2,350	2,100	2,268	2,312	2,192
	Direct economic value distributed					
Suppliers	Payments to suppliers of raw materials, goods and services	1,709	1,684	1,686	1,737	1,654
Employees	Employee wages and benefits	356	283	327	340	299
Investors & lenders	Dividends, interests paid and financial expenses	113	112	113	114	101
Government & Public sector	Corporate income taxes	12	33	27	30	37
	Economic value retained	160	-12	115	91	100

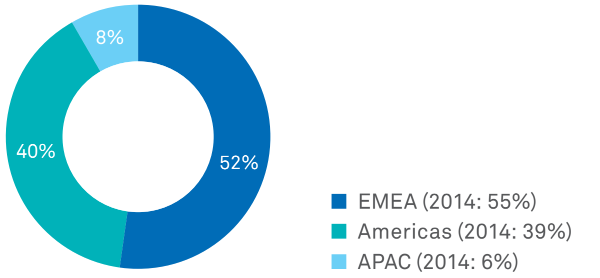
Community investments were EUR 0.17 million in 2015 (EUR 0.1 million) through sponsoring and local community participation.

Kemira has defined its midterm financial targets as a revenue target EUR 2.7 billion and operative EBITDA margin of 15% in 2017. These group level financial targets are translated into business goals and performance measures for each business segment and further down to individual performance targets for employees.

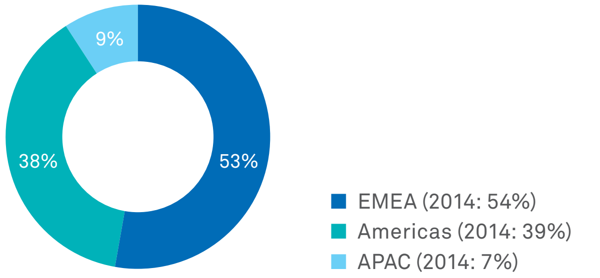
The management approach to economic value generated and distributed is based on the Finnish Corporate Governance Code and the Limited Liability Companies Act, which states that the purpose of a company is to generate profits for its shareholders, unless otherwise provided in the Articles of Association. 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. Kemira reports and discloses its financial statements in accordance with the International Financial Reporting Standards (IFRS). For detailed information, see the Kemira Corporate Governance Statement and the Financial Statement.

ECONOMIC VALUE DISTRIBUTED BY REGIONS

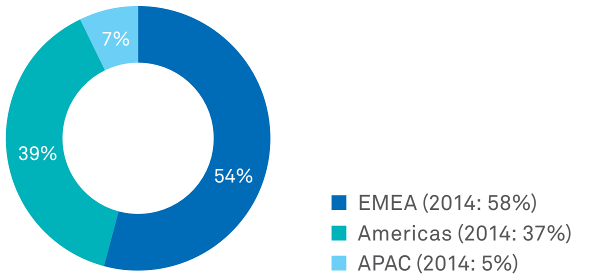
REVENUE BY CUSTOMER LOCATION



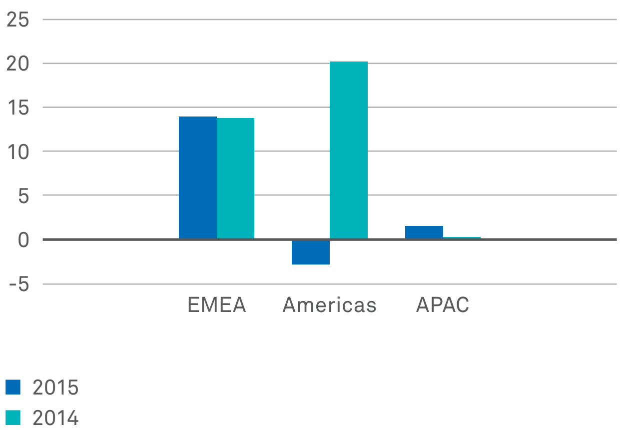
PAYMENTS TO SUPPLIERS OF RAW MATERIALS, GOODS AND SERVICES



EMPLOYEE WAGES AND BENEFITS



CORPORATE INCOME TAXES, MILLION EUR



In 2015, Americas was refunded the overpaid taxes of 2014.

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, 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.

OECD BEPS action plan: Kemira is currently evaluating and preparing for the implications of the OECD BEPS (Base Erosion and Profit Shifting) package for its business models and operating structures. Kemira monitors closely the BEPS related legislative changes and documentation requirement developments (e.g. Country-by-Country Reporting) as well as the response of the tax authorities in the states where it operates.

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: Note 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: Note 4 Operating expenses. Kemira received EUR 1.2 million (EUR 2.1million) in government grants for R&D in 2015 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 mainly starches, tall oil, and fatty acid derivatives.

Materials used by weight	2015	2014	2013
Total materials purchased, million tons	3.293	3.276*	3.521*
Renewable materials used, million tons	0.071	0.059	0.059
Non-renewable materials used, million tons	3.222	3.217	3.462
Share of renewable materials, %	2.2%	1.8%	1.7%

* Data for 2013 and 2014 is corrected due to exclusion of purchased water from total raw materials purchased.

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

In 2015, 27.5% of raw materials across all Kemira business segments were secondary raw materials which were recycled materials and industrial by-products mainly from smelters, steel and metal manufacturing. The secondary raw materials used included inorganic materials such as scrap iron, ferrous sulphate, picling liqour bath, and organic materials such as tall oil or by-product fatty alcohols. In the production of coagulants, the product group used in water treatment, secondary raw materials make about 80% of all raw materials.

Percentage of materials used that are recycled input materials	2015	2014	2013
Total materials purchased, million tons	3.293	3.276*	3.521*
Industrial by-product and recycled material from external partners, million tons	0.904	0.897	0.911
Share of by-product and recycled materials, %	27.5%	27.4%	25.9%

* Data for 2013 and 2014 is corrected due to exclusion of purchased water from total raw materials purchased.

FOR SECONDARY RAW MATERIALS, WE RELY FOR LOCAL SUPPLIERS OR EVEN OPERATE IN INDUSTRIAL SYMBIOSIS WITH THOSE SUPPLIERS.

MATERIAL ASPECT: ENERGY

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

Energy balance	GRI-G4 indicator	2015	2014	2013	2012	2011
Purchased fuel as energy source, GWh	EN3a-b	578	542	491	563	651
Non-Renewable		570	542	491	563	0
Renewable		8	0	0	0	0
Purchased electricity, GWh	EN3c	2,930	2,820	2,799	2,672	2,960
Non-Renewable		1,060	1,077	1,069	964	0
Renewable		639	539	550	384	0
Nuclear		1,231	1,204	1,179	1,323	0
Purchased heat, GWh	EN3c	620	745	1,265	1,213	1,337
Non-Renewable		235	148	1,048	992	0
Renewable		385	596	217	221	0
Total energy purchased, GWh	EN3c	4,128	4,107	4,555	4,449	4,949
Total energy sold	EN3d	405	396	429	450	516
Output heat delivered off-site		369	366	384	422	496
Electricity delivered off-site		36	31	44	28	20
Total energy consumption, GWh[1]	EN3e	3,723	3,711	4,127	3,983	4,432
Energy intensity, GWh/1,000 t[2]	EN5	0.8	0.8	0.9	0.8	0.9
Reduction of energy consumption, GWh[3]	EN6	12	-416	144	-449	4,432

[1] The amount of energy Kemira uses through the purchase of electricity, steam and heat, excluding total energy sold.
[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 publishded on production efficiencies by energy source, expert estimates have been made based on historical data.

MATERIAL ASPECT: WATER

Water balance, million m^3	GRI-G4 indicator	2015	2014
WATER WITHDRAWAL	EN10	**96,0**	**104,2**
Incoming process water		**8,4**	**7,5**
Surface water		4,2	3,7
Ground water		1,3	1,1
Rainwater		0,0	0,0
Waste water from another organization		0,0	0,0
Municipal water supplies		2,4	2,2
Other		0,5	0,5
Incoming cooling water		**87,6**	**96,7**
Surface water		83,6	93,3
Ground water		0,5	0,3
Rainwater		0,0	0,0
Waste water from another organization		0,0	0,0
Municipal water supplies		0,2	0,2
Other		3,3	2,9
WATER REUSED OR RECYCLED	EN8	**16,9**	**25,9**
Water recycled back in the same process		13,8	23,0
Water recycled into a different process, but within the same facility		3,1	2,9
Water reused in another facility		0,06	0,0
WATER DISCHARGES	EN22	**72,8**	**73,0**
External treatment		1,5	1,6
Own treatment		0,5	0,5
Discharged with no treatment, mainly cooling water		70,8	70,9
Balance[1]		**6,3**	**5,3**

[1] Balance = Water withdrawal minus water discharged minus water reused and recycled (unspecified water losses). Kemira aims to have minimum 90% accuracy on the water balance.

G4-EN8: TOTAL WATER WITHDRAWAL BY SOURCE

Water withdrawal by source	2015	2014	2013	2012	2011
Total water withdrawal used as a process water, million m^3	**8.4**	**7.5**	**6.3**	**6.7**	7.8
Surface water	4.2	3.7	1.5	1.8	
Ground water	1.3	1.1	0.4	0.8	
Rainwater	0.0	0.0	0.1	0.0	
Waste water from another organization	0.0	0.0	0.1	0.0	
Municipal water supplies	2.4	2.2	2.2	3.5	
Other	0.5	0.5	2.0	0.6	
Total water withdrawal used as a cooling water, million m^3	**87.6**	**96.7**	**151**	**138**	**161**
Surface water	83.6	93.3	146	131	
Ground water	0.5	0.3	2	3	
Rainwater	0.0	0.0	0	0	
Waste water from another organization	0.0	0.0	0	0	
Municipal water supplies	0.2	0.2	1	0	
Other	3.3	2.9	3	4	
Total water withdrawal, million m^3	**96**	**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.

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

All recycled and reused water was used within Kemira's manufacturing locations. See also graph Kemira water balance in the section Water efficiency. Changes in 2015 are due to reduced wateruse at one site.

Water recycled and reused	2015	2014	2013	2012	2011
Total volume of water recycled and reused by the organization, million m³	16.9	25.9	74.6	59.6	-
Water recycled back in the same process	13.8	23.0	74.5	59.5	-
Water recycled in a different process, but within the same facility	3.1	2.9	0.1	0.1	-
Water reused in another facility	0.1	0.0	0.0	0.1	-
Total volume of water recycled and reused as a percentage of the total water withdrawal as reported under Indicator G4-EN8.	18%	25%	47%	41%	-

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

MATERIAL ASPECT: EMISSIONS

G4-EN15: DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1), G4-EN16: INDIRECT GREENHOUSE GAS (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 EMISSIONS, EMISSION INTENSITY AND ANNUAL CHANGE IN EMISSIONS

Greenhouse gas emissions, CO_2eq 1,000 tonnes	GRI-G4 indicator	2015	2014	2013	2012	2011
Direct greenhouse gas emissions (Scope 1)[1]	EN-15	169	144	137	147	180
Indirect greenhouse gas emissions (Scope 2 market-based)[2]	EN-16	757	771	904	950	1,054
Indirect greenhouse gas emissions (Scope 2 locations-based)[2]		907				-
Other indirect greenhouse gas emissions (Scope 3)[3]	EN-17	1,710*	1,581*	1,609*	1,594*	-
Total greenhouse gas emissions[4]		2,638	2,496	2,651	2,692	-
Greenhouse gas emissions intensity per 1,000 tons of production[5]	EN-18	0.5	0.5	0.6	0.6	-
Change in greenhouse gas emissions	EN-19	142	-155	-41		-

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

* Scope 3 has been restated due to more accurate information available in 2015. See Note 3.

1 Greenhouse gas emissions from sources that are owned or controlled by Kemira (scope 1 of the WRI/WBCSD 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 (Revised Scope 2 of the WRI/WBCSD GHG Protocol). Market-based emissions are used for target setting and following progress. Location-based emissions are also shown, but these are not used for other indicators.
GHG emission 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). Major changes have occurred for all years as a more detailed calculation was carried out for this report and among others, end-of-life treatment of sold products changed significantly and previous years' data was corrected.
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 inclutdes 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 (market-based) and Scope 3.

5 Kemira has calculated the GHG emissions intensity ratio per production volume (1,000 tons).
Direct GHG emissions (Scope 1), indirect GHG emissions from energy consumption (Scope 2) and other indirect GHG emissions (Scope 3) are included.

G4-EN17: SCOPE 3 EMISSIONS BY CATEGORIES

Scope 3 emissions by categories, CO_2eq, 1,000 tonnes	2015	2014	2013	2012
Category 1 Purchased goods and services	870	760	770	770
Category 2 Capital goods	*	*	*	*
Category 3 Fuel and energy related activities	230	240	220	220
Category 4 Upstream transportation and distribution	200	200	220	210
Category 5 Waste generated in operations	20	20	20	20
Category 6 Business travel	10	10	10	10
Category 7 Employee commuting	10	10	10	10
Category 8 Upstream leased assets (leased offices)	10	10	10	20
Category 9 Downstream transportation and distribution	350	330	340	340
Category 11 Use of sold products	0	0	0	0
Category 12 End-of-life treatment of sold products	0	0	0	0
Total[1]	**1,710**	**1,580**	**1,610**	**1,590**

* Emissions of Category 2: Capital goods are included in Category 1: Purchased goods and services.

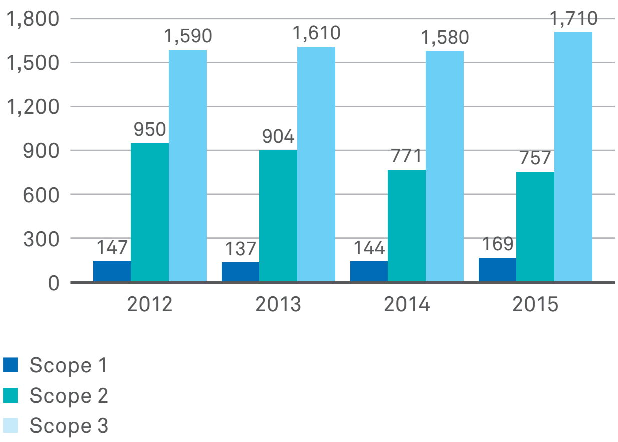
[1] Scope 3 has been restated due to more accurate information available in 2015. Major changes have occurred for all years as a more detailed calculation was carried out for this report and among others, Category 12 End-of-life treatment of sold products changed significantly and previous years' data was corrected. Category 12 covers all products sold. If a product is not known to have a new lifecycle, it is always classified as waste. 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.

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.

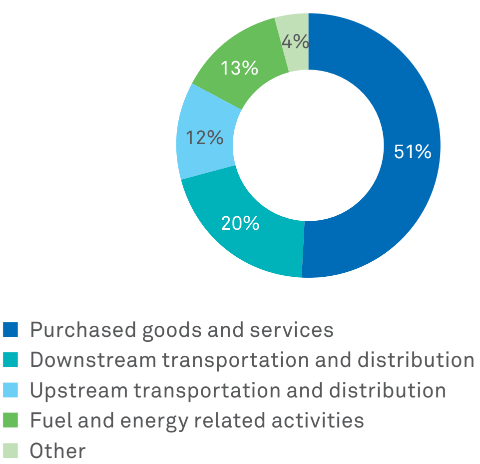
NOTE: Category 10 Processing of sold products not calculated because it cannot be reasonable tracked; Category 13 Downstream leased assets is not relevant to chemical sector; Category 14 Franchises is not relevant to chemical sector; Category 15 Investments: No information available.

The margin of error for Scope 3 calculations is +/- 16%.

GREENHOUSE GAS EMISSIONS, CO_2 EQ, 1,000 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	2015	2014	2013	2012
Ozone-depleting substances[1]	0	0	0	-

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

G4-EN21: NOX, SOX, AND OTHER SIGNIFICANT AIR EMISSIONS

Releases into air, tonnes	2015	2014	2013	2012	2011
Nitrogen oxides (NO2)[1]	194	206	185	190	242
Sulphur dioxide (SO2)[2]	83	86	122	116	153
Volatile organic compounds (VOC)[3]	430*	661	682	742	665
Volatile inorganic compounds (VIC)[4]	36**	59	65	94	100
Particulates	14	16	16	21	23

* Reduction of VOC due to changed process at one site.
** Reduction of VIC due to improvement at one site.

[1] Nitric oxide and nitrogen dioxide calculated as NO_2.
[2] All sulphur compounds are calculated as SO_2.
[3] VOC is a sum of volatile organic compounds as defined in EU Directive 1999/13/EC.
[4] Sum of ammonia, hydrogen chloride and six other simple inorganic compounds.

The figures presented are based on data collected directly from Kemira's sites.

MATERIAL ASPECT: EFFLUENTS AND WASTE

G4-EN22: TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION

Water discharged, million m^3	2015	2014	2013	2012	2011
Wastewater volume	72.8	73.1	2.1	2.4	2.5
External treatment	1.5	1.6	1.7	1.8	2.0
Own treatment	0.5	0.5	0.4	0.6	0.5
Discharged without treatment, mainly cooling water	70.8	70.9	-	-	-

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	2015	2014	2013	2012	2011
Chemical Oxygen Demand (COD), tonnes	43*	15	16	21	28
Nitrogen (N), tonnes	2	2	2	2	3
Phosphorus (P), tonnes	1	0.5	0.5	0.7	0.7
Suspended solids, tonnes	2	5.3**	1.8	7	33

* Increase of COD due to new sites.
** Data corrected due to more correct data available at one site in 2015.

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

Increase in other off-site treatment of hazardous waste is due to lost capabilities to treat wastewater onsite at one of our sites. Increase of non-hazardous waste is mainly due to demolition work at one site and increased waste from production. The weight data of disposed waste is based on internal company records.

Waste, tonnes	2015	2014	2013	2012	2011
Hazardous wastes, total	**75,250**	**41,686**	**41,296**	**48,436**	**55,304**
Off-site landfill	1,298	1,247	1,359	1,024	10,037
Off-site incineration	2,565	1,719	3,858	1,933	2,343
Off-site recycling*	9,625	6,578	3,032	2,652	2,145
Other off-site treatment*	61,718	31,670	33,018	42,826	40,681
On-site incineration	44	473	29	1	99
On-site landfill	0	0	0	0	0
Non-hazardous wastes, total	**35,381**	**27,687**	**26,559**	**31,755**	**33,393**
Off-site landfill	10,649	11,568*	13,691*	11,107	12,238
Off-site incineration	1,310	810	5,674	1,482	1,451
Off-site recycling	14,896	11,798*	4,556	14,286	14,866
Other off-site treatment	8,211	3,068	2,538	2,422	2,617
On-site incineration	35	405	30	21	25
On-site landfill	281	37	70	2,437	2,197
Total waste disposal	**110,632**	**69,373**	**67,855**	**80,191**	**88,697**

* Data corrected due to more comprehensive data available in 2015.

G4-EN24: TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

There were two significant spills during 2015 with a total volume of 10 tonnes. These spills were not reported in Kemira's Financial Statements. The two 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

There were no hazardous waste treated outside the country (shipped internationally) in 2015 (0,001% in 2014).

MATERIAL ASPECT: PRODUCTS AND SERVICES

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

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

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

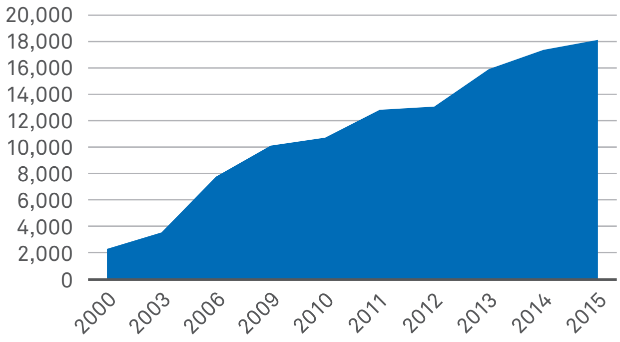
The use of our products and solutions benefits our customers by:

- Optimizing product quality and yield
- Enhancing process and energy efficiency
- Ensuring that water quality meets end-use specifications and regulatory requirements

Our business model is business-to-business, and we sell products that are used in industrial scale processes mainly 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.

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

WATER PURIFIED WITH KEMIRA PRODUCTS, million m³



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.

Reclaimed packaging materials	2015	2014	2013	2012
Share of reconditioned IBC´s of total purhcased IBC´s *	12%	12%	20%	22%
Recycled liquid packages (includes IBC´s)	4%	3%	5%	4%

* IBC=Intermediate Bulk Container

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 59,000. One single event took place in 2013 but the fine was paid in 2015. There were no non-monetary sanctions in 2015.

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 mitigate the environmental impacts of transporting products is based on reducing the greenhouse gas emissions from transportation activities and improving transportation safety management to avoid any accidental spills into environment.

SCOPE 3 EMISSIONS FROM TRANSPORTATION

Emissions from the downstream and upstream transportation of materials and goods are 33% of our total Scope 3 emissions, while emissions from business travel and employee commuting are non-significant (<1%). See indicator EN17 for more details.

Our approach in reducing environmental impacts through greenhouse gas emissions is based on disciplined management of logistics activities. Our key measures to mitigate greenhouse gas emissions from downstream transportation and distribution are logistics and load optimization and commitment to logistics service providers that use vehicles compliant with latest emission standards. Kemira uses in longer transports train and ocean transports or multimodal transports to avoid higher emissions if only road transports were used. 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 backhaul arrangements.

Guidelines for reducing the environmental impact from business travel are defined in the Kemira travel policy. Internal traveling between Kemira locations has reduced through the use of online meeting and collaboration tools.

Scope 3 emissions related to transporting, tCO_2e, 1,000 tonnes	2015	2014	2013	2012
Total Scope 3 emissions[1]	1,710	1,580	1,610	1,590
Total Scope 3 transport emissions	570	550	580	570
Upstream transportation and distribution	200	200	220	210
Downstream transportation and distribution	350	330	340	340
Business travel	10	10	10	10
Employee commuting	10	10	10	10
Share of transport emissions, %	33%	35%	36%	36%

[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. See Table G4-EN17 for more details.

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.

TRANSPORTATION SAFETY

Transportation incidents decreased by 27% compared to last year (87 vs 120 in 2014).

Kemira is fully committed to transportation safety and the development of transportation safety culture to prevent chemical leakages into environment. Our EHS Transportation 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 the standard but also with any local/regional regulations as applicable. Employees involved in the handling and carriage of dangerous goods are trained regularly. 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.

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 2015, our main investments were made in air and water treatment units.

G4-EN31: Total environmental protection expenditures and investments, EUR million	2015	2014	2013	2012	2011
Environmental capital expenditure	4.8	2.4	1.4	3.4	3.6
Environmental operating costs	14.9	11.7	11.8	14.2	12.7
Total	19.7	14.1	13.2	17.6	16.3
Environmental protection expenditures and investments, % of net sales	0.8%	0.7%	0.6%	0.8%	0.7%

MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

G4-EN32: PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

At the screening phase of new suppliers, the vendor is asked to accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) in alignment with 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 2015, 93% of Kemira's repeat suppliers had signed the CoC-SDA. About 100% of new suppliers within the threshold limits defined in the Sourcing & Procurement 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

In 2015, there were public complaints on five Kemira sites about environmental impacts filed through formal grievance mechanisms, all of which were addressed and resolved during the reporting period. The complaints related mainly to smell, spills on the road and through-passage of trucks.

3.3 SOCIAL PERFORMANCE INDICATORS

3.3.1 LABOR PRACTICES AND DECENT WORK

GENERIC DISCLOSURES: EMPLOYMENT STRUCTURE

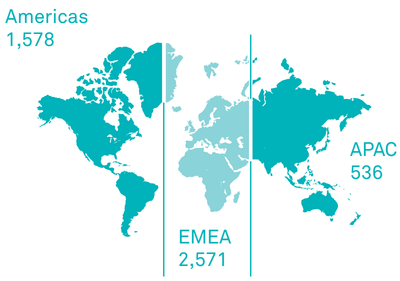
G4-10: STRUCTURE OF EMPLOYMENT

At the end of 2015, Kemira employed 4,685 people (4,248). This figure includes employees who entered the Group through acquisitions and excludes employees of divested assets.

The employee distribution by region shows that 55% (57%) of Kemira's total workforce are employed in EMEA, and 35% (31%) in Americas. The number of employees has increased by 437 (compared to decrease by 205 during 2014), of which 184 in APAC, resulting mainly from the acquisition of AkzoNobel Paper Chemicals business. The share of employees that have been classified as white collars has slightly increased due to re-classification and acquisition employee structure.

Workers who are legally recognized as self-employed, or individuals other than the ones in Kemira payroll are not counted on these numbers.

TOTAL NUMBER OF EMPLOYEES BY REGION 2015



EMPLOYEES BY GENDER

MALES 74 %

FEMALES 26 %

EMPLOYEES BY AGE GROUP 2015

<30 12 %

30–50 57 %

>50 31 %

G4-10: TOTAL NUMBER OF EMPLOYEES

	2015	2014	2013	2012	2011
Total number of employees*	4,685	4,248	4,453	4,857	5,006
Females, %	26%	26%	26%	25%	24%
Males, %	74%	74%	74%	75%	76%
White collar, %	62%	58%	58%		
Blue collar; %	38%	42%	42%		

* at year end

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

	2015	2014	2013	%, 2015	%, 2014	%, 2013
Total number of employees	4,685	4,248	4,453			
Total permanent	4,559	4,133	4,350	97.3%	97.3%	97.7%
Total fixed-term	126	115	103	2.7%	2.7%	2.3%
Females total	1,220	1,110	1,164			
Permanent	1,171	1,064	1,127	96%	95.9%	96.8%
Fixed term	49	46	37	4.0%	4.1%	3.2%
Males total	3,465	3,138	3,289			
Permanent	3,388	3,069	3,223	97.8%	97.8%	98.0%
Fixed term	77	69	66	2.2%	2.2%	2.0%

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

	2015	2014	2013	%, 2015	%, 2014	%, 2013
Total permanent employees	4,559	4,133	4,350			
Total full-time	4,481	4,099	4,314	98.3%	99.2%	99.2%
Total part-time	78	34	36	1.7%	0.8%	0.8%
Females total permanent	1,171	1,064	1,127			
Full-time	1,106	1,037	1,102	94.4%	97.5%	97.8%
Part-time	65	27	25	5.6%	2.5%	2.2%
Males total permanent	3,388	3,069	3,223			
Full-time	3,375	3,062	3,212	99.6%	99.8%	99.7%
Part-time	13	7	11	0.4%	0.2%	0.3%

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

	2015	2014	2013	%, 2015	%, 2014	%, 2013
Total number of employees	4,685	4,248	4,453			
APAC	536	352	340	11.4%	8.3%	7.6%
EMEA	2,571	2,413	2,595	54.9%	56.8%	58.3%
Americas	1,578	1,483	1,518	33.7%	34.9%	34.1%
Females total	1,220	1,110	1,164			
APAC	146	99	93	12.0%	8.9%	8.0%
EMEA	736	687	739	60.3%	61.9%	63.5%
Americas	338	324	332	27.7%	29.2%	28.5%
Males total	3,465	3,138	3,289			
APAC	390	253	247	11.2%	8.1%	7.5%
EMEA	1,835	1,726	1,856	53.0%	55.0%	56.4%
Americas	1,240	1,159	1,186	35.8%	36.9%	36.1%

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 5%, Canada12%), which is characteristic to the region.

In APAC, collective bargaining agreements are practice in the chemical industry only in few countries, Indonesia having 73%, and Korea and Thailand 100% of employees covered with collective bargaining agreements.

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 30%, the Netherlands 65%, Germany 40%, Austria 100%, Slovenia 80%, Czech Republic 49%), 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 66% of employees.

The definition used for 'significant locations of operation' refers to countries where we have 10 or more employees, and which counted together 99% of all employees. In Kemira's case there are 26 countries with 10 or more employees.

SPECIFIC DISCLOSURES: 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

Total number of new hires in 2015 was 673 (710), out of which 31% (33%) were female and 69% (67%) male. The new hires include summer trainee positions. Kemira's new hiring reflects the similar degree of diversity as in previous years.

Kemira is reporting the employee turnover rate by total and voluntary turnover.

The total turnover rate was 10.5% in 2015 compared to 17.3% in 2014. The total turnover includes divestments, which created bigger part of turnover during 2014. Some small organizational changes driven by market and business situation and integrating acquired business impacted turnover, but there were no organization-wide changes implemented during 2015. The turnover rate in EMEA was 8.8% (19.2%), which was lowest of the regions. The highest turnover rate was in Americas 13.2% vs.15.4% in 2014.

The voluntary turnover rate was 5.5% (5.1%) in 2015 being highest below the age of 30 years (10.8% vs. 8.2% in 2014) and females (8.2% vs. 7.1% in 2014). Total and voluntary turnover doesn´t include fixed-term contracts.

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

	Number of new hires			% of total new hires		
	2015	2014	2013	**2015**	2014	2013
Total new hires	673	710	431	100.0%	100.0%	100.0%
New hires by age group						
<30	293	291	201	43.5%	41.0%	46.6%
30–50	312	348	196	46.4%	49.0%	45.5%
>50	68	71	34	10.1%	10.0%	7.9%
New hires by gender						
Females	208	236	141	30.9%	33.2%	32.7%
Males	465	474	290	69.1%	66.8%	67.3%
New hires by region						
APAC	60	60	42	8.9%	8.5%	9.7%
EMEA	373	418	239	55.4%	58.9%	55.5%
Americas	240	232	150	35.7%	32.7%	34.8%

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

	Turnover			Turnover, %		
	2015	2014	2013	**2015**	2014	2013
Total turnover	490	736	715	10.5%	17.3%	16.1%
Turnover by age group						
<30	78	96	77	13.6%	18.6%	11.9%
30–50	263	428	357	9.8%	17.6%	14.6%
>50	149	212	281	10.4%	16.3%	20.8%
Turnover by gender						
Females	144	242	198	11.80%	21.8%	17.0%
Males	346	494	517	10.0%	15.7%	15.7%
Turnover by region						
APAC	56	44	62	10.4%	12.5%	18.2%
EMEA	225	464	445	8.8%	19.2%	17.1%
Americas	209	228	208	13.2%	15.4%	13.7%

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

	Voluntary turnover			Voluntary turnover, %		
	2015	2014	2013	**2015**	2014	2013
Total voluntary turnover	258	218	205	5.5%	5.1%	4.6%
Voluntary turnover by age group						
<30	62	42	35	10.8%	8.2%	5.4%
30–50	168	144	147	6.3%	5.9%	6.0%
>50	28	32	23	1.9%	2.5%	1.7%
Voluntary turnover by gender						
Females	100	79	64	8.2%	7.1%	5.5%
Males	158	139	141	4.6%	4.4%	4.3%
Voluntary turnover by region						
APAC	39	34	34	7.3%	9.7%	10.0%
EMEA	139	101	96	5.4%	4.2%	3.7%
Americas	80	83	75	5.1%	5.6%	4.9%

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, and there are no major changes to the practices since 2014. In most countries the same benefits are offered to full-time and part-time employees, and for temporary employees hired directly by Kemira, if the temporary contract exceeds certain lenght. Some exceptions apply, for example the sickness fund in Finland is available to full-time employees with more than a one year contract, and some countries offer broader insurance and/or retirement benefits for permanent full-time employees. In North America, the eligibility for benefits varies, in USA employees are eligible if they work at minimum 20 hrs per week. 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 10 or more employees, and which counted together 99% of all employees. In Kemira's case there are 26 countries with 10 or more 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, starting from 14 days for smaller changes to up to three months in some countries and for major changes.

MEASURES TO IMPROVE SAFETY CULTURE FOCUS ON INCIDENT PREVENTION AND RISK MITIGATION.

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

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. In 2015, there has been no fatalities but one permanent injury to the hand. No fatalities have been associated with Kemira employees since 2005. Information regarding absenteeism is collected locally and not consolidated on Group level.

G4-LA6: OCCUPATIONAL HEALTH AND SAFETY INDICATORS

	2015	2014	2013	2012	2011
Total Recorable Injuries per million working hours, TRI[1]	7.2	5.8	7.1	8.5	
APAC	0.6	0	0		
EMEA	10.6	6.1	9.2		
Americas	5.7	6.4	5.1		
Number of Lost Time Injuries per million working hours, LTA1[2]		-	-	2.3	2.7

[1] 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. As of 2013, Kemira reports only TRI.

[2] LTA1: Injuries causing an employee absence at least one day, Kemira personnel. This figure was reported for the last time in 2012.

MATERIAL ASPECT: TRAINING AND EDUCATION

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

Kemira continued the implementation of a global Learning Management System including a training register during 2015 for new countries and functional areas. Training register does not yet cover 100% of the organization, thus distribution of training hours does not cover gender and employee categories. In 2015, appr. 36,100 (14,700) training hours were registered in the Learning Management system, which now covers eLearnings, global training programs, and part of the local trainings. Implementation to cover all regions will continue in 2016. Parts of external trainings are not yet included in the hours. Training hours for biggest countries currently registered in the system are e.g. Finland 6,800 (5,800) hrs, UK 5,800 (3,200) hrs, Sweden 9,500 (1,000) hrs, USA 4,800 hrs, and Netherlands 4,000 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

Competence development and training programs as well as leadership development programs (internal and external) are 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:
- 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.
- Leadership development programs and on-the-job learning opportunities for leaders e.g. in business projects.

Examples of global or regional programs offered during 2015:
- Implementation of Project Management Framework and Project Execution Manual in order to harmonize internal processes, improve cross-functional communication and introduce Kemira Engineering Standards. Key persons in Manufacturing, Site Engineering, and related functions (Engineering&Technology, Lean and Sourcing) trained in global guidelines.
- Lean management related training in basic and advanced level in variety of methodologies to support continued implementation of lean principles and tools.
- Customer claim process training for contributors and stakeholders in all segments and regions, including training for advanced capabilities for resolution owners and investigators.
- Management system auditor trainings for lead auditors and internal auditors in accordance with ISO 19011.
- eLearning programs in variety of topics to ensure global compliance and knowledge development, e.g. Human rights and business, Anti-Corruption, Communicating on Chemical Hazards – Globally Harmonized System, PPE: Personal protective equipment (Kemira Safety eLearning).
- Induction and training programs in all regions for employees that joined Kemira with the AkzoNobel Paper Chemicals acquisition.
- In 2015, 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. The global PDD process covers 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)	**2015**	2014	2013	**2015**	2014	2013
Total permanent employees not absent*	4,440	4,019	4,281			
PDD's by gender						
Employees covered in Global PDD process	4,147	3,803	2,382	93%	95%	56%
Females covered in Global PDD process	1,030	977	816	96%	95%	77%
Males covered in Global PDD process	3,117	2,826	1,566	93%	94%	49%
PDD's by employee category						
White collars covered in Global PDD process	2,730	2,317		97%	98%	
Blue collars covered in Global PDD process	1,417	1,486		88%	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.

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

The number of females in the Management Board and Board of Directors has remained the same in 2015 as in 2014. The percentage share of females (26%) in the total number of employees has remained the same in 2015 as in 2014. The number of females in executive positions (Directors and above) has remained approximately at the same level (22% vs. 21% in 2014).

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

	Total			%		
	2015	2014	2013	**2015**	2014	2013
Management Board						
Total	9	9	11			
Females	2	2	2	22%	22%	18%
Males	7	7	9	78%	78%	82%
By age group						
<30	0	0	0	0%	0%	0%
30–50	5	6	5	56%	67%	45%
>50	4	3	6	44%	33%	55%
Board of Directors						
Total	6	6	5			
Females	2	2	2	33%	33%	40%
Males	4	4	3	67%	67%	60%
By age group						
<30	0	0	0	0%	0%	0%
30–50	0	0	0	0%	0%	0%
>50	6	6	5	100%	100%	100%

EQUAL OPPORTUNITY

Women in executive and other positions	**2015**	2014
Management Board	22%	22%
Executive positions excluding Management Board*	22%	21%
White collars	39%	37%
Blue collars	5%	11%
Total employees	26%	26%

* Positions from Director to Senior Vice-President

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

	Total			%		
	2015	2014	2013	**2015**	2014	2013
Total employees	4,685	4,248	4,453	100%	100%	100%
<30	575	515	646	12%	12%	15%
30–50	2,672	2,435	2,453	57%	57%	55%
>50	1,438	1,298	1,354	31%	31%	30%
Females in total	1,220	1,110	1,164	26%	26%	26%
<30	188	172	205	15%	15%	18%
30–50	773	705	710	63%	64%	61%
>50	259	233	249	21%	21%	21%
Males in total	3,465	3,138	3,289	74%	74%	74%
<30	387	343	441	11%	11%	13%
30–50	1,899	1,730	1,743	55%	55%	53%
>50	1,179	1,065	1,105	34%	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 evaluated as part of the performance mangement process. 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]

Country	2015	2014
Finland	93%	93%
USA	91%	94%
Sweden	96%	103%
Poland	91%	93%
Canada	86%	94%
UK	96%	96%
China	94%	93%
Netherlands	97%	(N/A)

[1] White collar employees, calculated as average of all job grades' average ratio. The table covers the data from the largest countries of operation.

The table above covers the data from the largest countries of operations.

MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

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

At the screening phase of new suppliers, the vendor is asked to accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) in alignment with 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 2015, 93% of Kemira's repeat suppliers had signed the CoC-SDA. About 100% of new suppliers within the threshold limits defined in the Sourcing & Procurement 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 2015.

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 2015, 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.

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 2015, THE HUMAN RIGHTS TRAINING WAS TARGETED TO 2,850 EMPLOYEES WITH COMPLETION RATE 80%.

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 high due to our operations with hazardous substances, which impact rights to health and workplace safety. Kemira's expansion into emerging markets may increase exposure to human rights risk.

In 2015, we organized Human Rights training to all who in their job positions are responsible for ensuring that Human rights are respected in our business relationships and in our own operations. The training was targeted to 2,850 persons, and the training was completed by 80% of the target group.

MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT

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

At the screening phase of new suppliers, the vendor is asked to accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) in alignment with 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 2015, 93% of Kemira's repeat suppliers had signed the CoC-SDA. About 100% of new suppliers within the threshold limits defined in the Sourcing & Procurement 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 in 2015. One grievance about human rights, which was filed in 2014, was addressed and resolved through formal grievance mechanisms in 2015.

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 2015; 26 sites in 2014) in local community initiatives at least once in the period 2013- 2015 (cumulative %). By the end of 2015, 100% 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 2015, Kemira had 64 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 2015:

- High-ranking sites: 30%
- Medium-ranking sites: 30%
- Low-ranking sites: 40%

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 ASSESSED FOR RISKS RELATED TO CORRUPTION AND THE SIGNIFICANT RISKS IDENTIFIED

In 2015, corruption risk at Kemira was evaluated through risk assessment questionnaire, interviews with key management and the rolling audit plan. No material risks related to corruption were identified through the risk assessment. Based on the revenue generated in locations subject to audit in 2015, about 90% of the operations were assessed for risks related to corruption.

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.

In 2015, Anti-Bribery eLearning was introduced at Kemira to selected personnel groups, which needs to have compherensive understanding on Kemira anti-corruption principles. Employee awareness on anti-corruption matters is also employed through our Code of Conduct training, which is mandatory to all of our employees.

G4-SO5: CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

There were no confirmed incidents of corruption or public legal cases regarding corruption in 2015.

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 2015.

MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR

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

Kemira was a defendant in two legal proceedings in which damages were sought for violations of competition law, on the basis of events which occurred before year 2000. These proceedings are described in the Note 30 to the Consolidated Financial Statements: Commitments and contingent liabilities, under heading Litigation.

In late 2015, several class action suits were filed in the United States based on alleged violation of antitrust laws relating to sale of certain water treatment chemicals. In some of those claims, Kemira was named as a defendant among other defendants. According to Kemira's preliminary assessment, these law suits against Kemira lack merits.

In 2015, Kemira had no other pending or completed legal actions initiated under national or international laws designed for regulating anti-competitive behavior, anti-trust, or monopoly practices.

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 2015. 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

At the screening phase of new suppliers, the vendor is asked to accept Kemira's Code of Conduct for Suppliers, Distributors and Agents (CoC-SDA) in alignment with 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 2015, 93% of Kemira's repeat suppliers had signed the CoC-SDA. About 100% of new suppliers within the threshold limits defined in the Sourcing & Procurement policy were screened using social and environmental criteria. See complementary information in the section Responsible supply chain.

BY THE END OF 2015, 93% OF KEMIRA´S SUPPLIERS HAVE 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 2015, nor grievances filed prior and resolved in 2015.

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

Product stewardship is the key pillar in the Responsible Care program, a voluntary initiative of the global chemical industry (International Council of Chemical Associations, ICCA) and signed by Kemira. Product stewardship aims to make health, safety and environmental protection an integral part of the life cycle of chemical products. For us this is a platform to identify risks at an early stage and manage those risks along the value chain, thereby enabling adequate protection of human health and the environment.

All our 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. When a new product is introduced to the portfolio it undergoes a product stewardship and compliance review. Product regulatory compliance audits are conducted regularly at our manufacturing sites.

Proactive measures are in place for the reduction of potential health hazards and relating to anticipated future legislation. For example, management plans are defined for those substances in the portfolio that have properties that may pose an unacceptable risk to human health, safety or environment. The management measures may include replacement for a safer alternative, discontinuation of using the substance and/or risk management measures to ensure the safe use of the substance.

In 2015, a Product Stewardship Community was launched in Kemira. The purpose is to increase knowledge and awareness on the areas of the safe use of chemicals, risks related to chemicals across the Kemira organization. Furthermore, the community aims to further improve Kemira's ability to be prepared and to react timely to changing requirements such as regulatory changes, changes in customer requirements, voluntary schemes, developments in the Responsible Care initiative, or public opinion. Kemira's Operational Excellence Board has endorsed the need and purpose for the Product Stewardship Community.

Our overall 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. In 2015, audit program covered 77 site locations, which included manufacturing sites, major office locations and R&D centers. Certification rate for site locations were 88% for ISO 9001 and 86% for ISO 14001 and OHSAS 18001.

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 2015, Kemira did not record any cases of non-compliance with regulations and voluntary codes resulting in a fine, penalty or warning. The six incidents of non-compliance with voluntary codes that were reported in 2013 have all been resolved during 2014–2015.

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 7 major product lines and approximately 2,400 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 2015, the Kemira Product Stewardship & Regulatory Affairs team responded to approximately 8,770 (5,400 in 2014) customer requests on product safety and/or regulatory compliance on a global scale.

KEMIRA´S PRODUCT PORTFOLIO CONTAINS 7 PRODUCT LINES AND APPROXIMATELY 2,400 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 system in use at Kemira.

In 2015, there were 72 (115 cases in 2014) customer complaints related to labeling of which 31 cases were found in EMEA region, 34 in Americas region and 7 in APAC region. The most typical incident was that a wrong label had been used in packaging. The corrective action planning for 4 cases was in the process at the year end.

In 2015, there were 4 (10 in 2014) incidents related to “non compliance with regulations”. Investigation result have indicted that all four cases had different root causes. 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. We are continuously screening substances with any regulatory restrictions, or with substitution requirements by non-regulatory stakeholders. For example, we closely follow the Endocrine disruptor definition development. In 2015, we screened our current portfolio and identified substances that may be problematic or subject to further restrictions in the future. Those substances will be subject to development of internal management plans. The management measures may include replacement for a safer alternative, discontinuation of using the substance and/or risk management measures to ensure the safe use of the substance.

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 2015, Kemira did not record any regulatory non-compliances that would have resulted in fines.

4. REPORTING PRINCIPLES

The Kemira GRI report 2015 forms part of the Kemira Annual Report 2015, and has been prepared in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Guidelines. Some of the General Standard Disclosures or Specific Standard Disclosures according to the GRI G4 Guidelines are reported in the other sections of the Kemira Annual Report 2015: i.e. in the Business Report, Corporate Governance Statement or Financial Statement. The Business Report also reflects the principles set out in the International Integrated Reporting <IR> Framework.

The contents of our Business and GRI reports have been reviewed and approved by Kemira's Board of Directors in February 2016. 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.

4.1 REPORTING FRAMEWORK

FOLLOWING THE GRI SUSTAINABILITY REPORTING FRAMEWORK

The Global Reporting Initiative (GRI) is an international independent organization with a network-based structure, which also constitutes a Collaborating Centre of the United Nations Environment Programme (UNEP). GRI's Sustainability Reporting Framework enables companies and organizations to measure, understand and communicate information about the economic, environmental and social impacts caused by their everyday activities. The GRI Sustainability Reporting Guidelines are the world's most widely used comprehensive sustainability reporting standards. The fourth generation of the Guidelines, G4, represents a consolidated framework for reporting performance against various codes and norms for sustainability including the EU Directive for Non-Financial information (which will enter into force in 2017) and the UN Global Compact Principles. www.globalreporting.org.

COMMUNICATION ON PROGRESS (COP) FOR THE UN GLOBAL COMPACT

Kemira became a signatory of the United Nations Global Compact in 2014. The UN Global Compact is the world's largest voluntary corporate citizenship initiative designed to help businesses respect and promote human rights, implement decent work practices, reduce their environmental impacts and work against corruption. This Corporate Responsibility Report 2015 conveys our Communication on Progress (COP) in relation to 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. GRI Content Index has a reference to the indicators relating to the UN Global Compact reporting, www.unglobalcompact.org.

4.2 REPORTING SCOPE

G4-13: SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

At the end of 2015, Kemira operated 64 (59) manufacturing sites. Our environmental reporting scope included 67 (63) sites according to Kemira's consolidation rules. During 2015, Kemira integrated five new sites due to the acquisition of AkzoNobel's paper chemicals business, while we closed one of the purchased manufacturing sites and additionally one site in North America.

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

There were no significant changes along our supply chains in terms of the locations of material and service suppliers, or our selection or termination of suppliers.

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

The reporting boundaries of this GRI report mainly follow the reporting boundaries of Kemira's Consolidated Financial Statements. A more detailed description of the reporting boundaries and the completeness of the information is provided in the table Reporting scope (G4-19, G4-20, and G4-21). The entities included in Kemira's Consolidated Financial Statements are listed in the Consolidated Financial Statement: Note 34; Group companies.

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

The definition of material aspects for Kemira's GRI reporting in the section Performance disclosures was carried out in accordance with the GRI G4 Principles for defining report content.

1. IDENTIFICATION

Material aspects relevant to Kemira have been identified on the basis of the topics and concerns raised by our stakeholders. Our stakeholder expectations were most recently reviewed in spring 2015. All of our stakeholders continue to highlight the importance of topics such as sustainable products, safety, employee development, business ethics and compliance, responsibility along the supply chain, and reductions in environmental impacts both in our own operations and in the value chain.

2. PRIORITIZATION

The identified topics and the related material aspects were prioritized with reference to the relative importance to stakeholders, and to the relevance to Kemira's value creation model as well as the relevance of topics to the global chemical sector as a whole (GRI 2013, Sustainability Topics for Sectors: What do stakeholders want to know?). This prioritization procedure identified 36 material aspects out of the 46 aspects in the GRI subject list as duly meeting these criteria, and these aspects were selected as material aspects for our reporting purposes.

3. VALIDATION

Data collection practices for the identified material aspects were reviewed and defined. These aspects are listed together with a detailed description of the respective aspect boundaries and data collection practices in table G4-19–21. Aspect boundaries for the identified material aspects were defined to reflect whether the impacts occur within or outside of entities owned by Kemira. According to Kemira's consolidation rules, all entities owned by the company for at least 6 months are included.

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

4. REVIEW

Our Management Board annually discusses and approves our corporate responsibility performance and targets.

G4-19–21 IDENTIFIED MATERIAL ASPECTS AND ASPECT BOUNDARIES

G4-19: Identified material aspects	G4-20: Aspect boundaries within Kemira	G4-21: Aspect boundaries outside Kemira	Data collection practices
CATEGORY: ECONOMIC			
• Economic performance	Kemira's operations*		Data is extracted from Kemira's Enterprise Resource Planning (ERP) system and collected from Kemira consolidated companies. Consolidation on the Group level.
CATEGORY: ENVIRONMENT			
• Materials • Products and services • Transport	Kemira's operations as covered by our ERP**		Data is extracted from Kemira's 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's 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 Kemira's ERP system and the relevant organizational units. Default data and assumptions are as in the WBCSD Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain.
• Supplier Environmental Assessments		Suppliers	Harmony Contract Management Tool used to track suppliers' signing of Code of Conduct for Suppliers, Agents and Distributors. Ecovadis database for supplier sustainability assessment.
• Environmental Grievance Mechanism	Kemira's operations*	External stakeholders	Kemira's Compliance and Ethics Hotline. External notifications collected from Sustainability@Kemira.com
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's operations*		HR data management system. To some extent Kemira uses workers and employees who are supervised by our contractors, but the related information is managed locally at respective sites and not collected and consolidated globally
• Supplier Assessments for Labor Practices		Suppliers	Harmony Contract Management Tool used to track suppliers' signing of Code of Conduct for SDA
• Labor Practices Grievance Mechanism	Kemira's operations*	External stakeholders	Kemira's Compliance and Ethics Hotline.
Human rights			
• Non-discrimination • Freedom of association and collective bargaining • Human Rights Assessments	Kemira's operations*		Notifications through Compliance & Ethics Hotline and sustainability@kemira.com
• Supplier Human Rights Assessments		Suppliers	Harmony Contract Management Tool used to track suppliers' signing of Code of Conduct for SAD.
• Human Rights Grievance Mechanism	Kemira's operations*	External stakeholders	Kemira's Compliance and Ethics Hotline. External notifications collected from Sustainability@Kemira.com
Society			
• Local communities • Anti-corruption • Public policy • Anti-competitive behavior • Compliance	Kemira's operations*		Data is collected from each region, from Kemira's legal archive, and through notifications from Kemira's Compliance and Ethics Hotline.
• Supplier Assessment for Impacts on Society		Suppliers	Harmony Contract Management Tool used to track suppliers' signing of Code of Conduct for SDA.
• Grievance Mechanism for Impacts on Society	Kemira's operations*	External stakeholders	Kemira's Compliance and Ethics Hotline. External notifications collected from Sustainability@Kemira.com
Product responsibility			
• Customer health and safety • Product and service labeling • Marketing communication • Compliance	Kemira's operations covered by ERP		Data is extracted from Kemira's ERP system, from R&D New Product Development process documentation, and from Kemira's legal archives.

* Kemira's operations = All operations covered by Kemira's consolidation rules

** Kemira's operations covered by ERP = All operations covered by both Kemira's consolidation rules and the company's Enterprise Resource Planning (ERP)

*** Kemira's manufacturing sites = All manufacturing sites covered by Kemira's consolidation rules.

**** Occupational health & safety: total recordable incident (TRI) figures also cover contractors working at Kemira sites

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

There is a major restatement for Scope 3 due to more accurate information available in 2015. For more detailed information see G4-EN17 footnote 1.

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

The integration of the paper chemicals business acquired from AkzoNobel to Kemira was the main change in 2015. Five of the six manufacturing sites acquired from AkzoNobel were consolidated with Kemira, one site was closed. Additionally one site in North America was closed.

4.3 REPORT PROFILE

G4-28: REPORTING PERIOD

The reporting period is from 1 January to 31 December 2015.

G4-29: DATE OF THE MOST RECENT PREVIOUS REPORT

Kemira's previous Corporate Responsibility Report 2014 was published on 26 February 2015.

We have reported on Kemira's environmental performance since the early 1990s. Prior to 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. Comparable reports for the years 2003–2014 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

If you have any questions regarding this report or its contents, please do not hesitate to contact Kemira's Communications and Corporate Responsibility.

5 GOVERNANCE

Complementary information on Kemira's corporate governance is available in the Corporate Governance Statement of the Annual Report 2015.

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 2015.

G4-35: REPORT THE PROCESS FOR DELEGATING AUTHORITY FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS FROM THE HIGHEST GOVERNANCE BODY TO SENIOR EXECUTIVES AND OTHER EMPLOYEES.

Kemira's operative organization consist of segments and functions. While the segments have a strategic role, Kemira's 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. In particular, Finance & Administration function is responsible for economic topics, Projects & Manufacturing Technology function is responsible for environmental topics and Communications & Corporate Responsibility function is responsible for social topics. The heads of these three functions report to the CEO & President of Kemira who, in turn, reports to the Board of Directors, being the highest governance body.

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 (MB), as outlined below. Segments and functions are responsible for implementation and driving performance.

Areas of accountability	Title
• Responsible business practices • Ethics and compliance	Group General Counsel (not a member of the MB, but reports directly to CEO and is a secretary of the Board of Directors and the MB)
• Economic impact (Tax policy, Dividend policy)	Chief Financial Officer
• Responsible sourcing • Climate Change (Scope 2) • Sustainable products and solutions: Product stewardship	EVP, Operational Excellence
• Energy efficiency • Climate Change (Scope 1) • EHSQ – Safety related target	EVP, Projects & Manufacturing Technology
• Leadership and employee engagement related targets	EVP, Human Resources
• Sustainable products and solutions: Innovation	Chief Technology Officer
• Local community engagement • 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 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 2015, Kemira's Investor Relations hosted approximately 32 roadshow days and 200 individual meetings with portfolio managers and other representatives in several countries.

The employee survey results are reported to the Board of Directors´ Committee Personnel and Remuneration 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 2015 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. The Charter of the Board of Directors is available online at www.kemira.com -> Investors -> Corporate Governance -> Group Management -> Board of Directors -> Kemira Board of Directors Charter.

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. The Charter of the Nomination Board is available on-line at www.kemira.com -> Investors -> Corporate governance -> Group Management -> Nomination Board -> 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 are non-executive directors who are independent of the company and at least one member shall be independent of significant shareholders and the members of the Personnel and Remuneration Committee are non-executive directors the majority of which shall be 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 18.2% 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 2015, the Board of Directors met 12 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. The reported non-compliance issues are handled by Compliance Committee, which consists of Kemira Group General Counsel, Head of Internal Audit and Director, Ethics & Compliance. Compliance Committee may escalate critical concerns to the Audit Committee of the Board of Directors. Internal Audit reports all violations of Code of Conduct 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 material violations against the Code of Conduct are reported to the Audit Committee. There were six reported cases in 2015. 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 which is included in the Corporate Governance Statement and published pursuant to the Finnish Corporate Governance Code.

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 2015, the members of the Board of Directors are paid an annual fee, a separate fee per meeting and traveling expenses. In addition, the 2015 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 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, 2015. 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.

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.

MANAGEMENT AND KEY PERSONNEL

Kemira has a share-based incentive plan established by the Board of Directors and targeted to the management and other key personnel. The sharebased 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.

The process for determining remuneration is also described in the Management Remuneration Statement published pursuant to the Finnish Corporate Governance Code.

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 1,2015 to December 3t,2015. The information subject to the assurance engagement is the Kemira GRI Report and pages 2-L9 of the Kemira Business Report (hereafter: Responsibility lnformation).

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparat¡on of the Responsibility lnformation in accordance with the reporting criteria as set out in Kemira's reporting principles and the Sustainabil¡ty Reporting Guidelines (G4 Core) of the Global Reporting lnitiative. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Responsibility lnformation 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 lnformation depends on Kemira's Corporate Responsibility focus areas and as well as the reporting principles which are set out on pages 54–55 of the GRI Report.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Responsibility lnformation based on our engagement. We conducted our assurance engagement in accordance with lnternational Standard on Assurance Engagements (ISAE) 3000 (Revised) to provide limited assurance on performance data and statements within the Responsibility lnformation. 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 lnformation 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 lnformation. 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 lnformation. 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. lt does not include detailed test¡ng 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 lnformation and evaluating whether the information presented in the Responsibility lnformation 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 lnformation and reviewing of the processes and systems for data gathering, including the aggregation of the data for the Responsibility lnformation;
- Performing analytical review procedures and testing data on a sample basis to assess the reasonability of the presented responsibility information;
- Performing site visits in Atlanta and Mobile in the U.S. and Dormagen in Germany 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; and
- Assessing that the Responsibility lnformation has been prepared in accordance with the Sustainability Reporting Guidelines (G4 Core) of the Global Reporting lnitiative.

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 address and, in certain cases, exceed the requirements of the lnternational Federation ofAccountants Code of Ethics for Professional Accountants in their role as independent auditors and in particular 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 sustainab¡lity 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 lnitiative or that the Responsibility lnformation is not reliable, in all material respects, with regard to the Reporting criteria.

Helsinki 11.2.2016
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

- 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
	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 4–6, 12	Commitment to GC
G4-2	Key impacts, risks and opportunities	BR 10–11 GRI 4–6, 54–56	
	ORGANIZATIONAL PROFILE		
G4-3	Name of the reporting organization	Kemira Oyj	
G4-4	Primary brands, products and services	BR 20–31	
G4-5	Location of organization's headquarters	Helsinki, Finland	
G4-6	Countries of operation	BR 2–3, 18–19	
G4-7	Nature of ownership and legal form	BR 2–3	
G4-8	Markets served with geographic breakdown	BR 2–3	
G4-9	Scale of the reporting organization	BR 2–3, FS Balance Sheet	
G4-10	Workforce structure by emplyment type, gender and region	GRI 41	Principle 6
G4-11	Employees covered by collective bargaining agreements	GRI 42	Principle 3
G4-12	Description of oranization's supply chain	GRI 19–20	
G4-13	Significant changes during the reporting period	GRI 54, FS Note 33	
G4-14	Position regarding the precautionary principle and its application	GS: Risk section	
G4-15	Adherance to charters, principles and other external initiatives	BR 6, GRI 6	
G4-16	Memberships of associations and advocacy organizations	GRI 5	
	IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities included in the organization's consolidated financial statements	GRI 54	
G4-18	Process for determining the report content	GRI 54–55	
G4-19	Material Aspects identified in the process for defining report content	GRI 56	
G4-20	Boundaries of material aspects within the organization	GRI 56	
G4-21	Boundaries of material aspects outside the organization	GRI 56	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	GRI 57	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	GRI 57	

GENERAL STANDARD DISCLOSURES

	Standard disclosures	Location in the Annual Report (pp)	UN Global Compact Principles
	STAKEHOLDER ENGAGEMENT		
G4-24	Stakeholder groups engaged by the organization.	GRI 4–5	
G4-25	Basis for identification and selection of stakeholders	GRI 4–5	
G4-26	Organization's approach to stakeholder engagement	GRI 4–5	
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 4–5	
	REPORT PROFILE		
G4-28	Reporting period for the information provided	GRI 57	
G4-29	Date of the most recent previous report	GRI 57	
G4-30	Reporting cycle	GRI 57	
G4-31	Contact point for questions regarding the report or its contents	GRI 57	
G4-32	GRI content index. Table identifying the location of the Standard Disclosures in the report	GRI 64–70	
G4-33	Policy and practice with regard to seeking external assurance for the report	GRI 62	
	GOVERNANCE AND ETHICS		
	GOVERNANCE		
	Governance Structure and Composition		
G4-34	Governance structure of the organization	GRI 58	
G4-36	Executive-level position with responsibility for economic, environmental and social topics	GRI 58	
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	GRI 58	
G4-38	Composition of the highest governance body and its committees	GRI 59	
G4-39	The role of the Chairman of the Board of Directors	GRI 59	
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 59	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	GRI 59	
	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 59	
	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 60	
G4-44	Process for evaluation of the highest governance body’s performance with respect to governance of economic, environmental and social topics	GRI 60	
	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 60	
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 60	
G4-47	The frequency of the highest governance body’s review of economic, environmental and social impacts, risks, and opportunities	GRI 60	

GENERAL STANDARD DISCLOSURES

	Standard disclosures	Location in the Annual Report (pp)	UN Global Compact Principles
	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 60	
	Role in Evaluating Economic, Environmental and Social Performance		
G4-49	Process for communicating critical concerns to the highest governance body	GRI 60	
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 61	
	Remuneration and Incentives		
G4-51	The remuneration policies for the highest governance body and senior executives	GRI 61	
G4-52	The process for determining remuneration	GRI 61	
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	GRI 62	
	ETHICS AND INTEGRITY		
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	GRI 10–11	Principle 10
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 10–11	Principle 10
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 10–11	Principle 10

SPECIFIC STANDARD DISCLOSURES

GENERIC DISCLOSURES ON MANAGEMENT APPROACH

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

- Corporate responsibility, GRI pp. 6–9
- Focus areas, GRI pp. 6–26
- Economic impact, GRI pp. 29–30
- Governance, GRI pp. 58–62

SPECIFIC STANDARD DISCLOSURES

	Performance indicators	Location in the Annual Report (pp)	UN Global Compact Principles
	ECONOMIC PERFORMANCE INDICATORS		
	Material Aspect: Economic Performance		
G4-EC1	Direct economic value generated and distributed	GRI 29–30	
G4-EC3	Coverage of the organization's defined benefit plan obligations	GRI 30	
G4-EC4	Financial assistance received from government	GRI 30	
	ENVIRONMENTAL PERFORMANCE INDICATORS		
	Material Aspect: Materials		
G4-EN1	Materials used by weight or volume	GRI 31	Principle 7, 8
G4-EN2	Percentage of materials used that are recycled input materials	GRI 31	Principle 8
	Material Aspect: Energy		
G4-EN3	Energy consumption within the organization	GRI 32	Principle 7, 8
G4-EN5	Energy intensity	GRI 32	Principle 8
G4-EN6	Reduction of energy consumption	GRI 32	Principle 8, 9
	Material Aspect: Water		
G4-EN8	Total water withdrawal by source	GRI 33	Principle 7, 8
G4-EN10	Percentage and total volume of water recycled and reused	GRI 34	Principle 8
	Material Aspect: Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	GRI 34	Principle 7, 8
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	GRI 34	Principle 7, 8
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	GRI 34-35	Principle 7, 8
G4-EN18	Greenhouse gas (GHG) emissions intensity	GRI 34	Principle 8
G4-EN19	Reduction of greenhouse gas (GHG) emissions	GRI 34	Principle 8, 9
G4-EN20	Emissions of ozone-depleting substances (ODS)	GRI 36	Principle 7, 8
G4-EN21	NOX, SOX, and other significant air emissions	GRI 36	Principle 7, 8
	Material Aspect: Effluents and Waste		
G4-EN22	Total water discharge by quality and destination	GRI 36	Principle 8
G4-EN23	Total weight of waste by type and disposal method	GRI 37	Principle 8
G4-EN24	Total number and volume of significant spills	GRI 37	Principle 8
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 37	Principle 8
	Material Aspect: Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	GRI 38	Principle 7, 8, 9
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	GRI 38	Principle 8
	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 39	Principle 8
	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 39	Principle 8
	Material Aspect: Overall environmental spend		
G4-EN31	Total environmental protection expenditures and investments by type	GRI 40	Principle 7, 8, 9
	Material Aspect: Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	GRI 40	Principle 8
	Material Aspect: Environmental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	GRI 40	Principle 8

SPECIFIC STANDARD DISCLOSURES

	Performance indicators	Location in the Annual Report (pp)	UN Global Compact Principles
	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 42	Principle 6
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	GRI 44	
	Material Aspect: Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	GRI 44	Principle 3
	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 44	
	Material Aspect: Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	GRI 44	Principle 6
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	GRI 45	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	GRI 45	Principle 6
	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 46	Principle 6
	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 47	Principle 6
	Material Aspect: Supplier Assessment for Labor Practices		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	GRI 47	
	Material Aspect: Labor Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	GRI 47	
	HUMAN RIGHTS		
	Material Aspect: Non-discrimination		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	GRI 48	Principle 6
	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 48	Principle 3
	Material Aspect: Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	GRI 48	Principle 1
	Material Aspect: Supplier Human Rights Assessment		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	GRI 48	Principle 2
	Material Aspect: Human Rights Grievance Mechanisms		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	GRI 49	Principle 1

SPECIFIC STANDARD DISCLOSURES

	Performance indicators	Location in the Annual Report (pp)	UN Global Compact Principles
	SOCIETY		
	Material Aspect: Local Communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	GRI 49	Principle 1
G4-SO2	Operations with significant actual and potential negative impacts on local communities	GRI 49	Principle 1
	Material Aspect: Anti-corruption		
G4-SO3	Total number and percentage of operations asessed for risks related to corruption and the significant risks identified	GRI 50	Principle 10
G4-SO4	Communication and training on anti-corruption policies and procedures	GRI 50	Principle 10
G4-SO5	Confirmed incidents of corruption and actions taken	GRI 50	Principle 10
	Material Aspect: Public Policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	GRI 50	Principle 10
	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 50	
	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 50	
	Material Aspect: Supplier Assessment for Impacts on Society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	GRI 50	
	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 51	
	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 52	
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 52	
	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 52	
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 53	
	Material Aspect: Marketing Communications		
G4-PR6	Sale of banned or disputed products	GRI 53	
	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 53	

kemira
Where water
meets chemistry™

Corporate Governance Statement
2015

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CORPORATE GOVERNANCE STATEMENT 2015

GENERAL

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act and Nasdaq Helsinki Ltd.'s rules and regulations on listed companies.

Kemira complies with the Finnish Corporate Governance Code, which is publicly available at www.cgfinland.fi. The Corporate Governance Code 2015 has become effective as of January 1, 2016. During the financial year 2015 Kemira has complied with the Finnish Corporate Governance Code 2010, which preceded the Corporate Governance Code 2015. This statement has been prepared in accordance with the Corporate Governance Code 2010.

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, or the General Meeting, the Company's highest decision-making body, is held at least once a year. The Annual General Meeting (AGM) must be held each year by the end of May.

The AGM makes decisions on matters within its competence under the Companies Act and the Articles of Association, such as the adoption of the financial statements and dividend payout, the discharge of Board members and the Managing Director and his Deputy from liability, the election of the Chairman, Vice Chairman and other members of the Board of Directors and their emoluments, and the election of the auditor and the auditor's fees.

Notice to the shareholders' meeting shall be released on the Company's website no earlier than two months and no later than three weeks before the meeting, however, at least nine days before the record date of the meeting. Additionally, if so decided by the Board of Directors, the Company may publish the notice to the shareholders' meeting in one nationwide newspaper.

Kemira Oyj's Annual General Meeting was held in Helsinki on March 23, 2015. The meeting was attended by 634 shareholders either in person or by proxy, together representing around 59% 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, 2015, 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 three times in 2015 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 23, 2015, the Annual General Meeting elected six members to the Board of Directors. The AGM re-elected Wolfgang Büchele, Winnie Fok, Juha Laaksonen, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas to the Board of Directors. Jari Paasikivi was elected the Board's Chairman and Kerttu Tuomas was elected the Vice Chairman.

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 18.2% of Kemira Oyj's shares. The personal information concerning the members of the Board of Directors can be found in the section Group Management and their holdings can be found under the heading Insiders.

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, acquisitions and divestments. It also approves the group treasury policy and major long term loans and guarantees issued by the Company.

The Board's duties include ensuring that the Company has adequate planning, information and control systems and resources for monitoring result and managing risks in operations. The Board of Directors monitors and evaluates the performance of Managing Director, his Deputy and members of the Management Board and decides upon their remuneration and benefits. The Board's duty is to ensure continuation of the business operations by succession planning for key persons. The Board defines and approves the main principles for the incentive bonus systems within the Company.

The Board of Directors also manages other tasks within its competence under the Companies Act. It is responsible for the due organization of the supervision of the Company's accounting and asset-liability management. The Board of Directors sees to it that the Company's financial statements give a true and fair view of the Company's affairs and that the consolidated financial statements are prepared under the International Financial Reporting Standards (IFRS) and the parent company's financial statements under the acts and regulations in force in Finland (FAS). The Board of Directors' meetings discuss the Company's profit performance at monthly level. The Board of Directors discusses the Company's audit with the auditor. The Board of Directors evaluates its performance and working methods on an annual basis.

In 2015, the Board of Directors met 12 times. The average attendance rate at the meetings was 98.6%.

REMUNERATION

Remuneration of the Board of Directors is described in section Remuneration Report.

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 2015 AGM, the Board elected Juha Laaksonen as the Chairman and Jari Paasikivi and Timo Lappalainen as members of the Committee.

The Audit Committee met five times in 2015 with an attendance rate of 100%.

PERSONNEL AND REMUNERATION COMMITTEE

The Personnel and Remuneration 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. The Committee reports to the Board of Directors on each meeting.

After the 2015 AGM, the Board elected Jari Paasikivi the Chairman and Kerttu Tuomas and Juha Laaksonen the members of the Personnel and Remuneration Committee.

In 2015, the Personnel and Remuneration Committee met three times. The attendance rate at the meetings was 100%.

MANAGING DIRECTOR

The Board of Directors appoints the Managing Director and the Managing Director's Deputy. Under the Articles of Association, the Managing Director is responsible for managing and developing the Company in accordance with the instructions and regulations issued by the Board of Directors, ensuring that the Company's interests are served by the subsidiaries and associated companies under its ownership, and 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, and the Deputy Managing Director is Group General Counsel Jukka Hakkila. The Managing Director and the Managing Director's Deputy, including their related parties, are not involved in any substantial business relationships with the Company.

The personal information concerning the Managing Director and the Managing Director's Deputy is set forth under the section Group Management and their holdings can be found in the section Insiders. The financial benefits related to the Managing Director's employment relationship are described in a section Remuneration Report.

MANAGEMENT BOARD

Kemira's Management Board consists of Managing Director Jari Rosendal (President and CEO), Kim Poulsen (President, Pulp & 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), Michael Löffelmann (EVP, Projects and Manufacturing Technology) and Esa-Matti Puputti (EVP, Operational Excellence). In addition, the following persons have acted as members of the Management Board during 2015: Petri Helsky (President, Paper and APAC, until March 31, 2015) and Mats Rönnbäck (Interim President, Paper and APAC, April 1 - October 31, 2015).

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

OPERATIVE ORGANIZATION

Kemira Oyj has organized its business into three customer based segments. The Pulp & 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), 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 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 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 enclosed shows insider shareholdings of all insiders subject to disclosure requirements as of December 31, 2015 and December 31, 2014. 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, 2015**	**number of shares Dec 31, 2014**
Board of Directors		
Büchele Wolfgang	102,356	100,957
Fok Winnie	6,599	5,200
Laaksonen Juha	9,085	7,327
Lappalainen Timo	2,699	1,300
Paasikivi Jari	211,936	209,066
Tuomas Kerttu	8,775	7,017
Management Board		
Castrén Petri	2,500	2,500
Fagerholm Heidi	0	0
Johansen Tarjei	0	0
Löffelmann Michael	0	0
Poulsen Kim	0	not an insider
Puputti Esa-Matti	0	not an insider
Rosendal Jari	10,000	10,000
Salminen Antti	3,000	3,000
Salonen Eeva	26,589	26,589
Former members of the Management Board		
Petri Helsky	not an insider	71,501
Mats Rönnbäck	not an insider	not an insider
Managing Director's Deputy		
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 2015 Annual General Meeting elected Deloitte & Touche Ltd. as the Company's auditor, with Jukka Vattulainen, APA, acting as the Principal Auditor.

In 2015, the audit fee paid globally to the auditor (Deloitte) totaled EUR 1.5 million. In addition, a total of EUR 0.8 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 office 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 above under the heading Internal control.

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

ROLES AND RESPONSIBILITIES

Kemira's Board of Directors ensures that the Company has sufficient resources for risk management and control, and that the control has been arranged appropriately and that the financial statements provide correct and sufficient information of the Company. The Board of Directors is assisted by the Audit Committee in these tasks.

The Managing Director handles the Company's everyday management in accordance with instructions and regulations from the Board of Directors. The Managing Director is responsible for the Company accounting being lawful and that assets are managed reliably.

The 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.

GROUP MANAGEMENT

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 18.2% 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

GROUP MANAGEMENT

MANAGING DIRECTOR, DEPUTY MANAGING DIRECTOR AND MEMBERS OF THE MANAGEMENT BOARD DECEMBER 31, 2015

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 Board of Directors and Management Board

PETRI CASTRÉN
b. 1962
LL.M., MBA
Chief Financial Officer

HEIDI FAGERHOLM
b. 1964
D.Sc. (Chem.Eng.)
Chief Technology Officer

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

MICHAEL LÖFFELMANN
b. 1970
Ph.D. (Eng.).
Executive Vice President,Projects and Manufacturing Technology

KIM POULSEN
b. 1966
M. Sc. (Econ.)
President, Pulp & Paper and APAC

ESA-MATTI PUPUTTI
b. 1959
Lic. Tech. (Eng)
Executive Vice President, Operational Excellence

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

EEVA SALONEN
b. 1960
M.A. (Edu.)
Executive Vice President, Human Resources

Former members of the Management Board in 2015

PETRI HELSKY
b. 1966
M.Sc. (Chem. Eng.), M.Sc. (Econ.)
President, Paper and APAC
until March 31, 2015

MATS RÖNNBÄCK
b. 1955
Interim President, Pulp & Paper and APAC
April 1–October 31, 2015

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 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 2015. Risks were assessed against defined strategic objectives of Kemira. Kemira's key risks from different risk categories are described in the following paragraphs. Despite proactive risk management efforts, some of the risks may possibly materialize and significantly impact on Kemira's ability to achieve its targets.

CHANGES IN CUSTOMER DEMANDS

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 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 towards 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 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 aluminium 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 may impact on 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. Inclusion of new substances into the REACH authorization process may also bring further requirements to Kemira where failure to obtain the relevant authorization could impact Kemira's business.

Kemira continuously follows regulatory developments in order to maintain the awareness of proposed and upcoming changes of those laws and regulations which may have impact for instance on its sales, production and product development needs. Kemira has established an internal process to manage the substances of potential concern and to create management plans for them that consider for example possibilities to replace certain substances if those would be subject to stricter regulation. Regulatory effects are systematically considered in strategic decision making. Kemira takes active role in regulatory discussions whenever 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 or customer consolidations could change the market dynamics and possibly change also Kemira's 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 AND GEOPOLITICAL CHANGES

Uncertainties in the 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 (incl. continuation and possible extension of international sanctions against Russia), which could both have unfavorable impacts on the demand for Kemira's products. Certain political actions or changes especially in countries which are important to Kemira, could cause business interference or other adverse consequences. 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. Kemira continuously monitors geopolitical movements and changes, and aims to adjust its business accordingly, if reasonable.

HAZARD RISKS

Kemira's production activities involve many hazard risks, such as fires and explosions, machinery breakdowns, natural catastrophes, environmental incidents and possible resulting liabilities, as well as employee health and safety risks. These risk events could derive from several factors, including but not limited to unauthorized IT system access by malicious intruder causing possible damage to the systems and consequent financial losses. 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 or its' 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. Kemira maintains increased focus towards the development of more differentiated and sustainable products and processes and is also continuously monitoring sales of its new products and applications (launched to the market within the last 5 years).

ACQUISITIONS

Acquisitions can be considered as an important driver in 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 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.

REMUNERATION REPORT

BOARD OF DIRECTORS

The Annual General Meeting decides the remuneration of the Board of Directors for one term of office at a time. According to the decisions of the Annual General Meeting 2015, the members of the Board of Directors are paid an annual fee and a fee per meeting.

The annual fees are as follows:

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

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

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

The meeting fees are to be paid in cash.

Travel expenses are reimbursed according to Kemira's travel policy.

In addition, the Annual General Meeting decided that the annual fee shall be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the Kemira shares owned by the company or, if this is not possible, Kemira shares acquired from the securities market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors within two weeks after the release of Kemira's interim report January 1–March 31, 2015.

The following amounts of shares were paid on April 29, 2015 as part of the annual fee decided by the Annual General Meeting 2015:

- the Chairman received 2,870 shares,
- the Vice Chairman and Chairman of the Audit Committee 1,758 shares and
- the other members 1,399 shares.

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

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 of the Board of Directors	2015 (EUR)	2014 (EUR)
Jari Paasikivi, Chairman	92,107	86,733
Kerttu Tuomas, Vice Chairman	58,899	54,916
Wolfgang Büchele	53,160	43,573
Winnie Fok	69,960	66,973
Juha Laaksonen	61,299	57,916
Timo Lappalainen	48,960	42,973
Jukka Viinanen (Chairman until March 24, 2014)	-	2,400
Total	**384,385**	**355,484**

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 Performance Share Plan. The main principles of the performance-based incentive plans are described below under the section Decision-making process and main principles of remuneration.

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

EMPLOYMENT TERMS AND CONDITIONS OF THE MANAGING DIRECTOR AS OF JANUARY 1, 2016

Base salary

Annual base salary is EUR 567,000 per year, including a car benefit and a mobile phone benefit.

Annual bonus plan

Based on terms approved by the Board of Directors. The maximum bonus is 60 percent of the annual salary.

Performance Share Plan

Based on the terms of the Performance Share Plan. The maximum reward is determined as a number of shares and a cash portion to cover taxes and the tax-related costs arising from the reward.

Pension plan

Finnish Employees' Pension Act (TyEL), which provides pension security based on years of service and earnings as stipulated by the law. The retirement age of the Managing Director is 63. No supplementary pension arrangements in addition to the statutory pensions.

Termination
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
In 2015, the total remuneration paid to Managing Director Jari Rosendal amounted to EUR 669,765 (EUR 360,000), including base salary, benefits and a performance based cash bonus of EUR 109,965. No share-based incentive was paid to Jari Rosendal in 2015.

	Salary and benefits (EUR)	Performance-based annual bonus plan (EUR)	Performance-based share plan (EUR)	Total 2015 (EUR)	Total 2014 (EUR)
Managing Director Jari Rosendal	559,800	109,965	-	669,765	360,000
Other members of the Management Board	2,006,704	513,029	-	2,519,733	3,893,458

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

ANNUAL CASH BONUS PLAN

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 2015, as regards the Kemira Group level performance target, the cash bonus was determined on the basis of the intrinsic value, gross margin and the cash flow of Kemira Group.

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 long-term share-based incentive plan (the "Performance Share Plan") directed to a group of key employees in Kemira. The aim of the plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of Kemira, to commit the participants to Kemira, and to offer them a competitive reward plan based on earning Kemira's shares. This 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 Performance Share Plan includes three performance periods: calendar years 2015, 2016 and 2017. The Board of Directors of Kemira decide on the plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The potential reward of the plan from the performance period 2015 was 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 Performance Share Plan is directed to approximately 90 people. The rewards to be paid on the basis of the 2016 earning period of the Performance Share Plan correspond to the value of an approximate maximum total of 489,000 Kemira Oyj shares and additionally the cash proportion intended to cover taxes and tax-related costs.

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.

Kemira
Where water meets chemistry™

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STRATEGY EXECUTION ON COURSE, DESPITE OF TURBULENCE

In 2015, Kemira delivered growth and improved operative EBITDA, despite of substantial changes in the operating environment, such as the significant drop in crude oil prices and volatile currency exchange rates. Going forward, we aim for continued growth with improved profitability in our three business segments: Pulp & Paper, Oil & Mining, and Municipal & Industrial. Our focus is on reaching our mid-term financial targets: EUR 2.7 billion revenue with 15% operative EBITDA margin and gearing < 60% in 2017.

Our vision is to become *The first choice in chemistry for water intensive industries.*

Jari Rosendal
President & CEO

VISIT KEMIRA ANNUAL REPORT 2015 ONLINE:
www.kemira.com/investors

FINANCIAL STATEMENTS 2015

BOARD OF DIRECTORS' REVIEW 2015

In 2015, Kemira Group's **revenue** increased 11% to EUR 2,373.1 million (2,136.7). Revenue in local currencies, excluding acquisitions and divestments decreased 1%. Operative EBITDA increased 14% to EUR 287.3 million (252.9) with an improved margin of 12.1% (11.8%). Earnings per share decreased to EUR 0.47 (0.59) partly due to non-recurring items and higher depreciation and amortization resulting from acquisitions. Operative earnings per share were EUR 0.63 (0.63). The Board of Directors proposes a cash dividend of EUR 0.53 per share (0.53) to the Annual General Meeting 2016, totaling EUR 81 million (81) equivalent to 84% (84%) of the operative net profit.

FINANCIAL PERFORMANCE, FULL YEAR 2015

Kemira Group's revenue increased 11% to EUR 2,373.1 million (2,136.7) due to acquisitions and favorable currency exchange rates; especially, the strengthened U.S. dollar is beneficial for Kemira. Revenue in local currencies, excluding acquisitions and divestments, decreased 1% due to the slowdown of horizontal drilling and fracking activity in the U.S. shale gas and oil business.

KEY FIGURES AND RATIOS

EUR million	2015	2014
Revenue	**2,373.1**	2,136.7
Operative EBITDA	**287.3**	252.9
Operative EBITDA, %	**12.1**	11.8
EBITDA	**263.8**	252.9
EBITDA, %	**11.1**	11.8
Operative EBIT	**163.1**	158.3
Operative EBIT, %	**6.9**	7.4
EBIT	**132.6**	152.6
EBIT, %	**5.6**	7.1
Financing income and expenses	**-30.8**	-30.7
Profit before tax	**102.1**	122.1
Net profit	**77.2**	95.8
Earnings per share, EUR	**0.47**	0.59
Operative earnings per share, EUR	**0.63**	0.63
Capital employed*	**1,659.5**	1,427.7
Operative ROCE*, %	**9.8**	11.1
ROCE*, %	**8.0**	10.7
Cash flow from operating activities	**247.6**	74.2
Capital expenditure excl. M&A	**181.7**	145.7
Capital expenditure incl. M&A	**305.1**	145.1
Cash flow after investing activities	**-53.8**	75.2
Equity ratio, % at period-end	**46**	51
Equity per share, EUR	**7.76**	7.57
Gearing, % at period-end	**54**	42
Personnel at period-end	**4,685**	4,248

* 12-month rolling average (ROCE, % based on the EBIT)

Definitions of key figures are available at www.kemira.com > Investors > Financial information. Comparative 2014 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.

REVENUE

EUR million	2015	2014	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	**1,417.3**	1,170.0	+21	+2	+6	+13
Oil & Mining	**350.1**	382.2	-8	-18	+9	0
Municipal & Industrial	**605.7**	564.7	+7	+1	+6	0
ChemSolutions	**-**	19.8	-	-	-	-
Total	**2,373.1**	2,136.7	+11	-1	+6	+6

* Revenue in local currencies, excluding acquisitions and divestments

Geographically, the revenue split was as follows: EMEA (Europe, Middle East, Africa) 52% (55%), the Americas 40% (39%), and Asia Pacific 8% (6%). According to Kemira's strategy, mature markets are important to all Kemira segments, whereas the focus in the emerging markets is on selective expansion.

The operative EBITDA increased 14% to EUR 287.3 million (252.9), mainly due to the lower variable costs and positive currency exchange rate impact, as well as a contribution from the acquisitions. The operative EBITDA margin improved to 12.1% (11.8%).

VARIANCE ANALYSIS

EUR million	1–12/2015
Operative EBITDA, 2014	**252.9**
Sales volumes	-1.8
Sales prices	-20.1
Variable costs	+41.3
Fixed costs	-21.8
Currency exchange	+26.2
Others	+10.6
Operative EBITDA, 2015	**287.3**

OPERATIVE EBITDA

	2015 EUR, million	2014 EUR, million	Δ%	2015 %-margin	2014 %-margin
Pulp & Paper	**171.0**	137.2	+25	**12.1**	11.7
Oil & Mining	**33.5**	48.4	-31	**9.6**	12.7
Municipal & Industrial	**82.8**	68.1	+22	**13.7**	12.1
ChemSolutions	**-**	-0.8	-	**-**	-4.0
Total	**287.3**	252.9	+14	**12.1**	11.8

The EBITDA increased 4% to EUR 263.8 million (252.9). **Non-recurring items affecting the EBITDA** were EUR -23.5 million (0.0) including EUR 13 million from restructuring costs related to acquisitions and EUR 6 million costs from site closures of manufacturing plants. The comparable period included 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 in 2014 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 in 2014.

Depreciation, amortization and impairments increased to EUR 131.2 million (100.3) due to acquisitions and increased investments, including EUR 12.6 million (4.9) amortization of PPA (purchase price allocation). Non-recurring items within depreciation, amortization and impairments were EUR -7.0 million (-5.7) and related mainly to write-downs due to site closures.

NON-RECURRING ITEMS

EUR million	2015	2014
Within EBITDA	**-23.5**	0.0
Pulp & Paper	**-13.9**	-27.3
Oil & Mining	**-2.7**	-2.2
Municipal & Industrial	**-6.9**	-6.8
Other	**0.0**	36.3
Within depreciation, amortization and impairments	**-7.0**	-5.7
Pulp & Paper	**-0.3**	-0.9
Oil & Mining	**-5.5**	0.0
Municipal & Industrial	**-1.2**	-4.8
Total	**-30.5**	-5.7

The operative EBIT increased to EUR 163.1 million (158.3). **The operative EBIT margin** decreased to 6.9% (7.4%).

Financing income and expenses totaled EUR -30.8 million (-30.7) including changes of EUR -0.8 million (-1.0) in fair values of electricity derivatives and EUR 2.3 million write down of a shareholder's loan related to Kemira's ownership in TVO (Teollisuuden Voima Oyj), a Finnish power company. The currency exchange differences, mainly related to the U.S. dollar, had EUR -2.0 million (-1.3) impact on the financing income and expenses.

Total taxes decreased to EUR 24.9 million (26.3), mainly due to lower profit before taxes. The tax rate, excluding non-recurring items was 22.0% (22.6%).

Net profit attributable to the owners of the parent company was EUR 71.0 million (89.9) and earnings per share were EUR 0.47 (0.59). Operative earnings per share were EUR 0.63 (0.63).

FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-December 2015 increased to EUR 247.6 million (74.2), mainly due to lower net working capital, lower realized exchange losses and lower taxes paid. Cash flow after investing activities decreased to EUR -53.8 million (75.2) as a result of acquisitions. At the end of the period, Kemira Group's net debt was EUR 642 million (486). Net debt increased due to acquisitions, higher capital expenditure, and dividend payment. The biggest individual project impacting capital expenditure (excl. acquisitions) in 2015 was a construction of a sodium chlorate plant in Brazil.

At the end of the period, interest-bearing liabilities totaled EUR 794 million (605). Fixed-rate loans accounted for 80% of the net interest-bearing liabilities (82%). The average interest rate of the Group's interest-bearing liabilities was 2.0% (2.1%). The duration of the Group's interest-bearing loan portfolio was 31 months (23). Kemira issued a senior unsecured bond of EUR 150 million on May 13, 2015. The seven-year bond will mature on May 13, 2022 and it carries a fixed annual interest of 2.250 percent.

Short-term liabilities maturing in the next 12 months amounted to EUR 123 million, the short-term part of the long-term loans represented EUR 37 million. On December 31, 2015, cash and cash equivalents totaled EUR 152 million. The Group has an undrawn EUR 400 million revolving credit facility and an undrawn EUR 50 million term loan.

At the end of the period, the equity ratio was 46% (51%), while the gearing was 54% (42%). Shareholder's equity was EUR 1,193.2 million (1,163.3).

The Group's most significant transaction currency risks arise from the Swedish krona, Brazilian real and Canadian dollar. At the end of the year, the denominated 12-month exchange rate risk of the Swedish krona had an equivalent value of approximately EUR 60 million, 58% of which was hedged on an average basis. The Brazilian real's denominated exchange rate risk was approximately EUR 43 million without being hedged. The Canadian dollar's denominated exchange rate risk was approximately EUR 39 million, 54% of which was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks in relation to the Chinese renminbi, the U.S. dollar and Norwegian krona with the total annual exposure in these currencies at approximately EUR 50 million, 33% 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. A 10% appreciation of main currencies against the euro would increase Kemira's EBITDA by approximately EUR 15 million on an annual basis through the translation effect. In 2015, favorable currency rates had an EUR 26 million positive impact on the operative EBITDA.

CAPITAL EXPENDITURE

In 2015, capital expenditure increased to EUR 305.1 million (145.1) including the impact of acquisitions. Capital expenditure, excluding the impact of acquisitions increased to EUR 181.7 (145.7) and can be broken down as follows: expansion capex 43% (43%), improvement capex 29% (27%) and maintenance capex 28% (30%). The biggest individual project impacting capital expenditure (excl. acquisitions) in 2015 was the construction of the sodium chlorate plant in Brazil.

In January-December 2015, the Group's depreciation, amortization and impairments, excluding non-recurring items, increased to EUR 124.2 million (94.6), mainly as a result of acquisitions and investments in new capacity.

RESEARCH AND DEVELOPMENT

Research and Development expenses totaled EUR 31.9 million (28.0) in 2015, representing 1.3% (1.3%) of the Kemira Group's revenue.

Kemira's Research and Development is a critical enabler of 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 17% to EUR 1,200 million (1,029) in 2015 representing 51% (48%) of Kemira Group's revenue.

Kemira Group's target is to increase the revenue from new products and products for new applications. In 2015, 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 was 8% (8%).

At the end of 2015, Kemira had 345 (292) patent families, 1,034 (730) granted patents, and 819 (635) pending applications. A patent family covers one invention and has a number of patents or applications in various countries. The numbers increased due to acquisitions and by 38 own patent filings protected in 2015.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,685 employees (4,248). Kemira employed 785 people in Finland (759), 1,786 people elsewhere in EMEA (1,654), 1,578 in the Americas (1,483), and 536 in APAC (352).

CORPORATE RESPONSIBILITY

In 2016, Kemira will publish its Corporate Responsibility Report in connection with its Annual Report. The corporate responsibility report 2015 will be verified by a third party and prepared in accordance with the GRI G4 (Global Reporting Initiative) framework. It deals with economic, environmental and social aspects defined material for Kemira, and reflects on Kemira's performance in relation to the sustainability targets approved by Kemira's Management Board. The performance targets are displayed in the following table.

RESPONSIBILITY FOCUS AREAS	KPI'S AND KPI TARGET VALUES
SUSTAINABLE PRODUCTS AND SOLUTIONS	
Innovation sales	Share of innovation revenue of total revenue → 10% by the end of 2016
RESPONSIBILITY TOWARD EMPLOYEES	
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 (68%) 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 SUPPLY CHAIN	
	Supplier contracts with signed CoC-SDA as attachments → 90% by the end of 2015
RESPONSIBLE MANUFACTURING	
Climate change	Kemira Carbon Index performance → Index ≤ 80 by end of 2020 (baseline year 2012 = 100)
RESPONSIBILITY TOWARD 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

SEGMENTS

PULP & PAPER

Pulp & Paper has unique expertise in applying chemicals and supporting pulp & paper producers in innovating and constantly improving their operational efficiency. The segment develops and commercializes new products to fulfill customer needs, ensuring the leading portfolio of products and services for paper wet-end, focusing on packaging and board, as well as tissue. Pulp & Paper leverages its strong application portfolio in North America and EMEA and builds a strong position in the emerging Asian and South American markets.

EUR million	2015	2014
Revenue	**1,417.3**	1,170.0
Operative EBITDA	**171.0**	137.2
Operative EBITDA, %	**12.1**	11.7
EBITDA	**157.1**	109.9
EBITDA, %	**11.1**	9.4
Operative EBIT	**96.8**	85.8
Operative EBIT, %	**6.8**	7.3
EBIT	**82.6**	57.6
EBIT, %	**5.8**	4.9
Capital employed*	**1,068.6**	881.2
Operative ROCE*, %	**9.1**	9.7
ROCE*, %	**7.7**	6.5
Capital expenditure excl. M&A	**118.9**	83.0
Capital expenditure incl. M&A	**240.1**	83.0
Cash flow after investing activities	**-63.2**	-10.1

* 12-month rolling average

The Pulp & Paper segment's **revenue** increased 21% to EUR 1,417.3 million (1,170.0). The revenue in local currencies, excluding divestments and acquisitions, grew 2% due to sales volume growth in EMEA and APAC regions. Sales prices were approximately at the previous year's level. Currency exchange had a 6% impact and the acquisitions had an impact of 13% on the revenue.

In **EMEA**, revenue increased 11% to EUR 753.0 million (675.9), mainly due to acquisitions and sales volume growth. Sales volumes of differentiated products continued to grow, especially in packaging board and tissue paper markets. In addition, stable demand for sodium chlorate and other pulping and bleaching chemicals contributed to the sales volume growth.

In **the Americas**, revenue increased 26% to EUR 501.5 million (397.1). Growth was supported by currencies and acquisitions, as well as pulp chemical deliveries to the Montes del Plata pulp mill in Uruguay.

In **APAC**, revenue increased 68% to EUR 162.8 million (97.0), mainly due to acquisitions, currencies and sales volume growth. Raw material shortages for ASA sizing agent were resolved during the second half of the year, improving the capacity utilization rate of the Nanjing site in China.

The operative EBITDA increased 25% to EUR 171.0 million (137.2) due to contribution from acquisitions, sales volumes growth, as well as favorable currencies and raw material prices. Operative EBITDA margin improved to 12.1% (11.7%). The operative EBIT margin declined to 6.8% (7.3%) due to higher depreciation as a result of acquisitions and investments in new capacity.

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, Oil & Mining continues to build a strong base for growth in South America, Middle East, and Africa.

EUR million	2015	2014
Revenue	**350.1**	382.2
Operative EBITDA	**33.5**	48.4
Operative EBITDA, %	**9.6**	12.7
EBITDA	**30.8**	46.2
EBITDA, %	**8.8**	12.1
Operative EBIT	**11.1**	29.9
Operative EBIT, %	**3.2**	7.8
EBIT	**2.9**	27.7
EBIT, %	**0.8**	7.2
Capital employed*	**271.4**	239.5
Operative ROCE*, %	**4.1**	12.5
ROCE*, %	**1.1**	11.5
Capital expenditure excl. M&A	**28.5**	26.9
Capital expenditure incl. M&A	**30.7**	26.3
Cash flow after investing activities	**10.7**	20.6

* 12-month rolling average

The Oil & Mining segment's **revenue** decreased 8% to EUR 350.1 million (382.2). The revenue in local currencies, excluding acquisitions and divestments, decreased 18% as a result of low volumes of friction reducers used in shale fracking in the U.S. Sales price changes had a negative impact on revenue. Revenue decline from business derived from other verticals was more modest. However, the revenue from Mining business grew despite difficult market conditions. Currency exchange rates had a 9% positive impact.

In **the Americas**, revenue decreased 14% to EUR 245.9 million (287.1), mainly due to lower sales in shale oil and gas business. Currency exchange had a positive impact on revenue in the region.

In **EMEA**, revenue increased 10% to EUR 104.3 million (95.1) as a result of new product sales in the field of Chemical Enhanced Oil Recovery. The region started polyacrylamide deliveries to India in the second quarter of 2015.

The operative EBITDA declined to EUR 33.5 million (48.4) as a result of lower sales. Lower variable costs and favorable currencies were not able to offset the decline in revenue. The operative EBITDA margin was 9.6% (12.7%). The operative EBIT margin was 3.2% (7.8%).

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	2015	2014
Revenue	**605.7**	564.7
Operative EBITDA	**82.8**	68.1
Operative EBITDA, %	**13.7**	12.1
EBITDA	**75.9**	61.3
EBITDA, %	**12.5**	10.9
Operative EBIT	**55.2**	43.3
Operative EBIT, %	**9.1**	7.7
EBIT	**47.1**	31.7
EBIT, %	**7.8**	5.6
Capital employed*	**320.2**	309.4
Operative ROCE*, %	**17.2**	14.0
ROCE*, %	**14.7**	10.2
Capital expenditure excl. M&A	**34.2**	35.2
Capital expenditure incl. M&A	**34.2**	35.2
Cash flow after investing activities	**38.2**	34.3

* 12-month rolling average

The Municipal & Industrial segment's **revenue** increased 7% to EUR 605.7 million (564.7). The revenue in local currencies, excluding acquisitions and divestments, increased 1% due to higher sales volumes, especially in EMEA and the Americas. Currency exchange rates had a positive impact of 6%.

In **EMEA**, revenue increased 2% to EUR 393.2 million (383.9), mainly due to higher volumes of coagulants and polymers while sales prices declined.

In **the Americas**, revenue increased 18% to EUR 187.7 million (159.2), mainly due to favorable currency exchange rates and volume growth of coagulants.

In **APAC**, revenue increased by 15% to EUR 24.9 million (21.6) due to favorable currency effect. During the year, M&I

APAC has increased focus on product lines with better profitability.

The operative EBITDA increased 22% to EUR 82.8 million (68.1) as a result of lower variable costs and favorable currency fluctuations. The operative EBITDA margin improved to 13.7% (12.1%) and the operative EBIT margin was 9.1% (7.7%).

PARENT COMPANY'S FINANCIAL PERFORMANCE

Kemira Oyj's revenue increased to EUR 1,337.5 million (1,228.1) in 2015. EBITDA was EUR 109.4 million (34.0). EBITDA increased mainly due to growth in revenue. In addition, in the previous year EBITDA included a EUR 20 million settlement related to an old alleged infringement of competition law. The parent company's financing income and expenses were EUR 104.7 million (-9.3). Financing income and expenses increased mainly due to dividends from group companies. Net profit totaled EUR 165.2 million (-1.3). Capital expenditure totaled EUR 60.9 million (25.7), excluding investments in subsidiaries.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 31, 2015, 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.

At the end of December, Kemira Oyj had 32,601 registered shareholders (33,164). Non-Finnish shareholders held 21.4% of the shares (18.9%) including nominee registered holdings. Households owned 16.1% of the shares (16.1%). Kemira held 3,280,602 treasury shares (3,291,185) representing 2.1% (2.1%) of all company shares.

Kemira Oyj's share price closed at EUR 10.88 on the Nasdaq Helsinki at the end of December 2015 (9.89). Shares registered a high of EUR 12.27 (12.27) and a low of EUR 9.14 (9.11) in January-December 2015. The average share price was EUR 10.86 (10.87). The share price increased 10% during the year, while OMX Helsinki Cap index increased 11%. STOXX Chemicals (Europe), chemical sector benchmark index for Kemira increased 2% in 2015 (5%). The company's market capitalization, excluding treasury shares, was EUR 1,654 million (1,504) at the end of December 2015. In January-December 2015, Kemira Oyj's share trading volume on Nasdaq Helsinki was EUR 75 million (75). The average daily trading volume was 298,313 (300,072) shares. Source: Nasdaq. The total value of Kemira Oyj's share trading in 2015 was EUR 112 million (106), 33% (30%) of which was executed on trading facilities other than Nasdaq Helsinki. Source: Kemira.com.

OWNERSHIP DECEMBER 31, 2015

Corporations	40.8%
Financial and insurance corporations	6.1%
General goverment	11.2%
Households	16.1%
Non-profit institutions	4.4%
Non-Finnish shareholders incl. nominee registered	21.4%

SHAREHOLDING BY NUMBER OF SHARES HELD DECEMBER 31, 2015

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	7,223	22.2	446,743	0.3
101–500	14,087	43.2	3,845,194	2.5
501–1,000	5,298	16.3	4,022,575	2.6
1,001–5,000	4,994	15.3	10,322,319	6.6
5,001–10,000	517	1.6	3,741,811	2.4
10,001–50,000	361	1.1	7,047,652	4.5
50,001–100,000	41	0.1	3,026,406	2.0
100,001–500,000	62	0.2	13,220,894	8.5
500,001–1,000,000	7	0.0	5,288,880	3.4
1,000,001–	11	0.0	104,380,083	67.2
Total	**32,601**	**100.0**	**155,342,557**	**100.0**

LARGEST SHAREHOLDERS DECEMBER 31, 2015

	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	4,800,451	3.1
5	Nordea funds	3,446,661	2.2
6	The State Pension Fund	1,190,000	0.8
7	Danske Invest Funds	1,152,678	0.7
8	Mandatum Life	1,142,412	0.7
9	Skagen Vekst Verdipapierfond	910,000	0.6
10	Etola Erkki Olavi	800,000	0.5
11	Etera Mutual Pension Insurance Company	609,331	0.4
12	Veritas Pension Insurance Company Ltd.	579,245	0.4
13	Säästöpankki Funds	511,418	0.3
14	Aktia Funds	470,000	0.3
15	Pohjola Funds Managment	467,185	0.3
	Kemira Oyj	3,280,602	2.1
	Nominee-registered and foreign shareholders	33,212,496	21.4
	Others, total	40,430,938	26.0
	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 long-term share-based incentive plan (the "Performance Share Plan") directed to a group of key employees in Kemira. The aim of the plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of Kemira, to commit the participants to Kemira, and to offer them a competitive reward plan based on earning Kemira's shares. This 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 Performance Share Plan includes three performance periods: calendar years 2015, 2016 and 2017. The Board of Directors of Kemira decides on the plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The reward of the plan from the performance period 2015 was based on the Kemira Group's revenue and on the Group's operative EBITDA margin.

The 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 disbursement of reward. The shares paid as a reward may not be transferred during the restriction period, which will end two years after the end of the performance period. If the participant's employment or service ends during the restriction period, he or she must, as a rule, gratuitously return the shares given as a reward.

The Performance Share Plan is directed to approximately 90 people. The maximum rewards on the basis of the 2015 earning period of the Performance Share Plan would have corresponded to the value of an approximate total of 479,700 Kemira Oyj shares and additionally, the cash proportion intended to cover taxes and tax-related costs. At the date of the Financial Statements Bulletin the estimated number of shares to be paid is 287,800.

The Board of Directors recommends that a member of the Management Board owns such number of Kemira's shares that the total value of his or her shareholding would correspond 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 holds 50 percent 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 total shareholding corresponds to the value of his or her annual gross salary.

AGM DECISIONS

ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting held on March 23, 2015 confirmed the dividend of EUR 0.53. The dividend was paid out on April 4, 2015.

The AGM 2015 authorized the Board of Directors to decide on 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, 2015.

The AGM 2015 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, 2016. 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 Helsinki'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 23, 2015, the Annual General Meeting elected six members to the Board of Directors. Annual General Meeting reelected Wolfgang Büchele, Winnie Fok, Juha Laaksonen, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas to the Board of Directors. Jari Paasikivi was elected as the Board's Chairman and Kerttu Tuomas was elected as the Vice Chairman. In 2015, Kemira's Board of Directors met 12 times with a 98.6% 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 2015, the Compensation Committee met 3 times with a 100% attendance rate. The Audit Committee is chaired by Juha Laaksonen and has Timo Lappalainen and Jari Paasikivi as members. In 2015, the Audit Committee met five times with a 100% attendance rate.

CHANGES TO COMPANY MANAGEMENT

Petri Helsky, Kemira's President of Paper segment and APAC region left his position on March 31, 2015. Mats

Rönnbäck served as Interim President of the renamed Pulp & Paper segment and APAC region between April 1 – October 31, 2015. On November 1, 2015, Kim Poulsen started as President of Pulp & Paper segment and APAC region and a member of the Management Board.

On May 18, 2015, Esa-Matti Puputti started as Executive Vice President, Operational Excellence and a member of the Management Board.

STRUCTURE

The acquisitions and divestments made during the year:

On May 4, 2015, Kemira completed the acquisition of AkzoNobel paper chemicals business announced on July 8, 2014. The value of the transaction was EUR 153 million and it became cash-effective in the second quarter of 2015. The acquired business is expected to increase revenue by more than EUR 200 million on an annualized basis as of the completion date.

On September 2, 2015, Kemira acquired certain assets of Soto Industries, LLC, a privately owned company, headquartered in Charlotte, North Carolina. Soto specializes in the application of scale control products, defoamers, and settling agents for the pulp and paper industry. The acquisition has no material impact on Kemira's financials.

On December 8, 2015, Kemira acquired certain assets of Polymer Services, LLC, a privately owned company, headquartered in Plainville, Kansas. Polymer Services, LLC is a highly specialized company focusing on the field application of polymer gel treatments for enhanced or improved oil recovery. The acquisition has no material impact on Kemira's financials.

SHORT-TERM RISKS AND UNCERTAINTIES

At Kemira, a 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. 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 for customers' products or activity could have a negative impact on Kemira's business. Significant decline in oil, gas and metal prices may shift customers' activities in areas that can be exploited with fewer chemicals. Also, increased awareness of and concern towards climate change and more sustainable products may change customers' demands, for instance, for water treatment technologies with lower chemical consumption, and this may have a negative impact, especially on the 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 systematically monitors 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 the 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 example, the use of biodegradable raw materials or biological water treatment, limiting the use of aluminium 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 may impact on 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. Inclusion of new substances into the REACH authorization process may also bring further requirements to Kemira, where failure to obtain the relevant authorization could impact Kemira's business.

Kemira continuously follows regulatory developments in order to maintain the awareness of proposed and upcoming changes of those laws and regulations, which may have impact, for instance, on its sales, production and product development needs. Kemira has established an internal process to manage the substances of potential concern and to create management plans for them that consider, for example, possibilities to replace certain substances if they would be subject to stricter regulation. Regulatory effects are systematically considered in strategic decision making. Kemira takes an active role in regulatory discussions whenever 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 that could affect Kemira's financial results. Major competitor or customer consolidations could change the market dynamics and possibly change also Kemira's 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 AND GEOPOLITICAL CHANGES

Uncertainties in the 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 including continuation and possible extension of international sanctions against Russia, which could both have unfavorable impacts on the demand for Kemira's products. Certain political actions or changes, especially in the countries that are important to Kemira, could cause business interference or other adverse consequences. 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. Kemira continuously monitors geopolitical movements and changes, and aims to adjust its business accordingly, if reasonable.

HAZARD RISKS

Kemira's production activities involve many hazard risks, such as fires and explosions, machinery breakdowns, natural catastrophes, environmental incidents and possible resulting liabilities, as well as employee health and safety risks. These risk events could derive from several factors, including but not limited to unauthorized IT system access by malicious intruder causing potential damage to the systems and consequent financial losses. 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 growth and further differentiation. New product launches contribute both to the efficiency and sustainability of Kemira's or its customers' processes as well as to 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. Kemira maintains increased focus towards the development of more differentiated and sustainable products and processes and is also continuously monitoring sales of its new products and applications, launched to the market within the last 5 years.

ACQUISITIONS

Acquisitions can be considered as an important driver in 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. 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 spent.

SUPPLIERS

The continuity of Kemira's business operations is dependent on the accurate and high-quality supply of products and services. Currently, Kemira has numerous partnerships and other agreements in place with a 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 the 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 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 Kemira's risk management principles is available on the company's website at http://www.kemira.com. Financial risks are also described in the Notes to the Financial Statements.

OTHER EVENTS DURING THE REVIEW PERIOD

On May 6, 2015 Kemira issued a senior unsecured bond of EUR 150 million. The seven-year bond matures on May 13, 2022.

On July 22, 2015 Kemira announced the closure of the production at its site in Longview, WA, United States.

On October 12, 2015 Kemira started to plan for closing the production at its site in Soave, Italy.

EVENTS AFTER THE REVIEW PERIOD

PROPOSALS OF THE NOMINATION BOARD TO THE ANNUAL GENERAL MEETING 2016

Kemira Nomination Board proposed to the Annual General Meeting of Kemira Oyj that seven (previously 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. Nomination Board proposes that Kaisa Hietala be elected as a new member 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 remuneration paid to the members of the Board of Directors will remain unchanged. The remuneration paid to the members of the Board of Directors would thus be as follows: for the Chairman EUR 80,000 per year, for the Vice Chairman and the Chairman of the Audit Committee EUR 49,000 per year and for the other members EUR 39,000 per year. A fee payable for each meeting of the Board of Directors and the Board Committees would be for the members residing in Finland EUR 600, for the members residing in rest of Europe EUR 1,200 and for the members residing outside Europe EUR 2,400. 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 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. 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, 2016. 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, Varma Mutual Pension Insurance Company and Timo Ritakallio, President and CEO, 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

On December 31, 2015, Kemira Oyj's distributable funds totaled EUR 684,913,318 of which net profit for the period was EUR 165,155,958. 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 21, 2016 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, 2015.

Kemira's dividend policy aims to pay a stable and competitive dividend.

KEMIRA'S FINANCIAL TARGETS 2017 AND OUTLOOK FOR 2016

Kemira will continue to focus on improving its profitability and cash flow. The company will also continue to invest in order to secure future growth to serve 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%.

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 growth for Kemira, providing differentiation capabilities in its relevant markets.

OUTLOOK FOR 2016

Kemira continues to focus on profitable growth. Kemira expects its revenue and operative EBITDA to increase in 2016 compared to 2015.

Kemira expects its capital expenditure, excluding acquisitions, to be around EUR 200 million in 2016.

Helsinki, February 10, 2016

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.

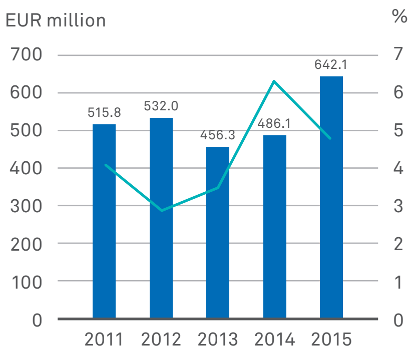
GROUP KEY FIGURES

FINANCIAL FIGURES

	2015	2014	2013	2012	2011
INCOME STATEMENT AND PROFITABILITY					
Revenue, EUR million	**2,373**	2,137	2,229	2,241	2,207
EBITDA [1)] [2)]	**264**	253	142	180	260
% of revenue	**11**	12	6	8	12
Operating profit (EBIT), EUR million [1)] [2)]	**133**	153	43	33	158
% of revenue	**6**	7	2	1	7
Share of profit or loss of associates, EUR million [1)]	**0**	0	-1	11	31
Finance costs (net), EUR million	**31**	31	39	16	21
% of revenue	**1**	1	2	1	1
Interest cover [1)] [2)]	**9**	8	4	11	12
Profit before tax, EUR million [2)]	**102**	122	3	29	168
% of revenue	**4**	6	0	1	8
Net profit for the period (attributable to equity owners of the parent), EUR million [2)]	**71**	90	-32	18	136
Return on investment (ROI), % [2)] [3)]	**7**	8	1	3	9
Return of equity (ROE), % [2)]	**6**	8	-3	1	10
Return on capital employed (ROCE), % [2)]	**8**	11	3	3	11
Research and development expenses, EUR million	**32**	28	32	42	40
% of revenue	**1**	1	1	2	2
CASH FLOW					
Net cash generated from operating activities, EUR million	**248**	74	200	176	178
Disposals of subsidiaries, property, plant and equipment and intangible assets, EUR million	**3**	146	193	30	137
Capital expenditure, EUR million	**305**	145	198	134	201
% of revenue	**13**	7	9	6	9
Cash flow after investing activities, EUR million	**-54**	75	196	72	115
Cash flow return on capital invested (CFROI), % [2)]	**12**	4	10	8	8
BALANCE SHEET AND SOLVENCY					
Non-current assets, EUR million	**1,825**	1,613	1,501	1,682	1,846
Shareholders' equity (Equity attributable to equity owners of the parent), EUR million [2)]	**1,180**	1,151	1,113	1,247	1,358
Total equity including non-controlling interests, EUR million [2)]	**1,193**	1,163	1,126	1,261	1,371
Total liabilities, EUR million	**1,402**	1,132	1,086	1,202	1,306
Total assets, EUR million [2)]	**2,595**	2,296	2,211	2,462	2,677
Interest-bearing net liabilities, EUR million	**642**	486	456	532	516
Equity ratio, % [2)]	**46**	51	51	51	51
Gearing, % [2)]	**54**	42	41	42	38
Interest-bearing net liabilities per EBITDA [2)]	**2.4**	1.9	3.2	3.0	2.0
PERSONNEL					
Average number of personnel	**4,559**	4,285	4,632	5,043	5,006
of whom in Finland	**793**	823	1,027	1,173	1,145
EXCHANGE RATES					
Key exchange rates at 31 Dec					
USD	**1.089**	1.214	1.379	1.319	1.294
SEK	**9.190**	9.393	8.859	8.582	8.912
BRL	**4.312**	3.221	3.258	2.704	2.416

1) Share of profit or loss of associates is presented after finance expenses.
2) Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´.
3) The financial figure for 2013 has been restated. Finance costs relating to a write-down of the associate company of Sachtleben have been decreased by EUR 23 million.

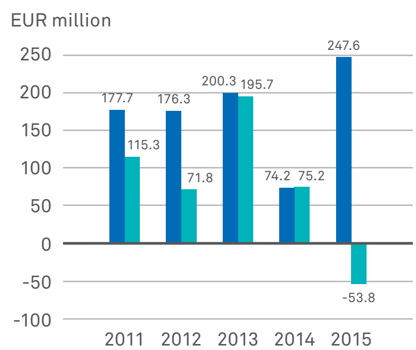
NET LIABILITIES AND FINANCE EXPENSES [1)]



- Interest-bearing net liabilities
- Finance costs, net (% share of interest bearing net liabilities)

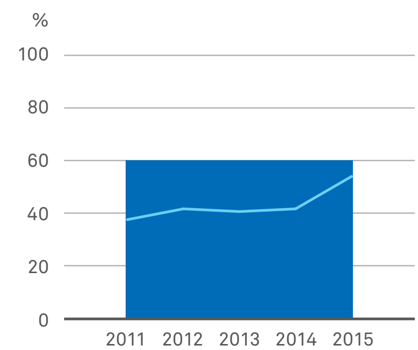
1) Excluding a write-down of the associate company of Sachtleben in 2013.

CASH FLOW



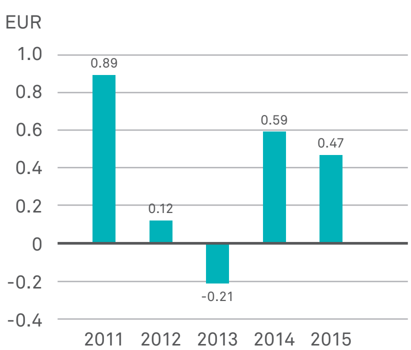
- Net cash generated from operating activities
- Cash flow after investing activities

GEARING

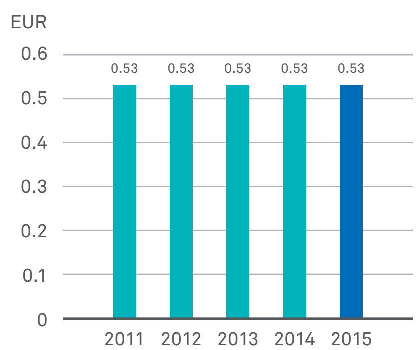


- Comfort zone
- Interest bearing liabilities divided by equity

EARNINGS PER SHARE

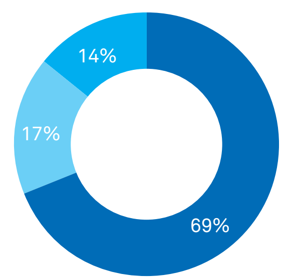


DIVIDEND PER SHARE [1)]



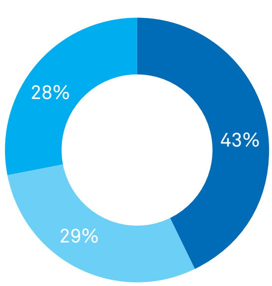
1) The dividend for 2015 is the Board of Director's proposal to the Annual General Meeting.

OPERATING EXPENSES



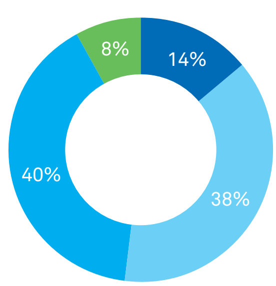
- Material and services
- Personnel expenses
- Other expenses

CAPITAL EXPENDITURE, EXCLUDING THE IMPACT OF ACQUISITIONS BY CHARACTER



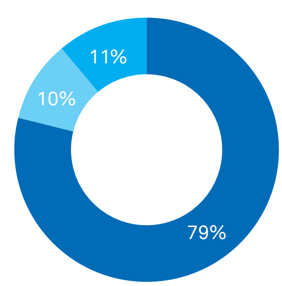
- Maintenance
- Improvement
- Expansion

REVENUE BY REGION



- Finland, domicile of the parent company
- Other Europe, Middle-East and Africa
- Americas
- Asia Pacific

CAPITAL EXPENDITURE BY SEGMENT



- Pulp & Paper
- Oil & Mining
- Municipal & Industrial

GROUP KEY FIGURES

PER SHARE FIGURES

	2015	2014	2013	2012	2011
PER SHARE FIGURES					
Earnings per share, basic and diluted, EUR 1) 3)	**0.47**	0.59	-0.21	0.12	0.89
Net cash generated from operating activities per share, EUR 1)	**1.63**	0.49	1.32	1.16	1.17
Dividend per share, EUR 1) 2)	**0.53**	0.53	0.53	0.53	0.53
Dividend payout ratio, % 1) 2) 3)	**113.5**	89.6	-255.0	455.1	59.4
Dividend yield, % 1) 2)	**4.9**	5.4	4.4	4.5	5.8
Equity per share, EUR 1) 3)	**7.76**	7.57	7.32	8.20	8.94
Price per earnings per share (P/E ratio) 1) 3)	**23.29**	16.72	-58.50	101.51	10.28
Price per equity per share 1) 3)	**1.40**	1.31	1.66	1.44	1.03
Price per cash flow from operations per share 1)	**6.68**	20.24	9.23	10.18	7.85
Dividend paid, EUR million 2)	**80.6**	80.6	80.6	80.6	80.6
SHARE PRICE AND TRADING					
Share price, year high, EUR	**12.27**	12.27	13.02	12.00	12.67
Share price, year low, EUR	**9.14**	9.11	10.55	8.00	7.80
Share price, year average, EUR	**10.86**	10.87	11.76	10.10	10.49
Share price at 31 Dec, EUR	**10.88**	9.89	12.16	11.81	9.18
Number of shares traded (1,000)	**74,877**	75,018	64,937	88,346	109,013
% on number of shares	**49**	49	42	57	70
Market capitalization at 31 Dec, EUR million 1)	**1,654.4**	1,503.8	1,848.8	1,795.6	1,395.6
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) 1)	**152,059**	152,048	152,039	152,037	151,994
Average number of shares, diluted (1,000) 1)	**152,395**	152,203	152,179	152,173	152,152
Number of shares at 31 Dec, basic (1,000) 1)	**152,062**	152,051	152,042	152,041	152,030
Number of shares at 31 Dec, diluted (1,000) 1)	**152,544**	152,373	152,091	152,090	152,030
Increase in number of shares (1,000)	**11**	9	1	11	295
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 dividend for 2015 is the Board of Director's proposal to the Annual General Meeting.
3) 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)

Net profit attributable to equity owners of the parent
/ Average number of shares

NET CASH GENERATED FROM OPERATING ACTIVITIES PER SHARE

Net cash generated from operating activities
/ Average number of shares

DIVIDEND PER SHARE

Dividend paid
/ Number of shares at 31 Dec

DIVIDEND PAYOUT RATIO, %

Dividend per share x 100
/ Earnings per share (EPS)

DIVIDEND YIELD, %

Dividend per share x 100
/ Share price at 31 Dec

EQUITY PER SHARE

Equity attributable to equity owners of the parent at 31 Dec
/ Number of shares at 31 Dec

SHARE PRICE, YEAR AVERAGE

Shares traded (EUR)
/ Shares traded (volume)

PRICE PER EARNINGS PER SHARE (P/E)

Share price at 31 Dec
/ Earnings per share (EPS)

PRICE PER EQUITY PER SHARE

Share price at 31 Dec
/ Equity per share attributable to equity owners of the parent

PRICE PER NET CASH GENERATED FROM OPERATING ACTIVITIES PER SHARE

Share price at 31 Dec
/ Cash generated from operating activities per share

SHARE TURNOVER, %

Number of shares traded x 100
/ Average number of shares

1) Average
2) 12-month rolling average
3) Capital employed = Property, plant and equipment + intangible assets + net working capital + investments in associates

FINANCIAL FIGURES

EBITDA

Operating profit (EBIT) + depreciation and amortization + impairments

INTEREST-BEARING NET LIABILITIES

Interest-bearing liabilities – cash and cash equivalents

EQUITY RATIO, %

Total equity x 100
/ Total assets – prepayments received

GEARING, %

Interest-bearing net liabilities x 100
/ Total equity

INTEREST COVER

Operating profit + depreciation, amortization and impairments
/ Finance costs, net

RETURN ON INVESTMENTS (ROI), %

(Profit before tax + interest expenses + other financial expenses) x 100
/ (Total assets – non-interest-bearing liabilities) [1]

RETURN ON EQUITY (ROE), %

Net profit attributable to equity owners of the parent x 100
/ Equity attributable to equity owners of the parent [1]

CASH FLOW RETURN ON INVESTMENT (CFROI), %

Net cash generated from operating activities x 100
/ (Total assets – interest-free liabilities) [1]

CASH FLOW AFTER INVESTING ACTIVITIES

Net cash generated from operating activities + net cash used in investing activities

RETURN ON CAPITAL EMPLOYED (ROCE), %

Operating profit + share of profit or loss of associates x 100
/ Capital employed [2] [3]

CAPITAL TURNOVER

Revenue
/ Capital employed [2] [3]

INTEREST-BEARING NET LIABILITIES / EBITDA

Interest-bearing net liabilities
/ Operating profit + depreciation, impairments and reversal of impairments

NET FINANCIAL COST, %

(Finance costs, net - dividend income - exchange rate differences) x 100
/ Interest-bearing net liabilities [1]

CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Income Statement (EUR million)

CONSOLIDATED INCOME STATEMENT (IFRS)

		Year ended 31 December	
	Note	2015	2014
Revenue	2	**2,373.1**	2,136.7
Other operating income	3	**7.1**	55.2
Operating expenses	4, 5	**-2,116.4**	-1,939.0
Depreciation, amortization and impairments	6, 11, 12, 13	**-131.2**	-100.3
Operating profit		**132.6**	152.6
Finance income	7	**5.2**	4.6
Finance expense	7	**-33.9**	-34.0
Exchange differences	7	**-2.1**	-1.3
Finance costs, net	7	**-30.8**	-30.7
Share of profit or loss of associates	2, 8	**0.3**	0.2
Profit before tax		**102.1**	122.1
Income taxes	9	**-24.9**	-26.3
Net profit for the period		**77.2**	95.8
Net profit attributable to:			
Equity owners of the parent		**71.0**	89.9
Non-controlling interests	18	**6.2**	5.9
Net profit for the period		**77.2**	95.8
Earnings per share for net profit attributable to the equity owners of the parent company (EUR per share)			
Basic and diluted	10	**0.47**	0.59

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 2015	2014
Net profit for the period		**77.2**	95.8
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets		**-21.0**	50.0
Exchange differences on translating foreign operations		**26.2**	1.2
Cash flow hedges		**-2.5**	3.4
Items that will not be reclassified subsequently to profit or loss			
Remeasurements on defined benefit pensions		**35.9**	-26.6
Other comprehensive income for the period, net of tax	9, 18	**38.6**	28.0
Total comprehensive income for the period		**115.8**	123.8
Total comprehensive income attributable to			
Equity owners of the parent		**109.6**	118.3
Non-controlling interests	18	**6.2**	5.5
Total comprehensive income for the period		**115.8**	123.8

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.

CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Balance Sheet (EUR million)

CONSOLIDATED BALANCE SHEET (IFRS)

	Note	As at 31 December 2015	2014
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	**518.3**	485.6
Other intangible assets	12	**134.7**	76.3
Property, plant and equipment	13	**815.3**	706.2
Investments in associates	8	**1.2**	0.9
Available-for-sale financial assets	14, 15	**271.6**	293.7
Deferred tax assets	21	**29.5**	33.7
Other investments	15	**5.8**	9.2
Defined benefit pension receivables	22	**48.9**	7.5
Total non-current assets		**1,825.3**	1,613.1
CURRENT ASSETS			
Inventories	16	**207.0**	197.3
Interest-bearing receivables	15, 17	**0.2**	0.1
Trade and other receivables	15, 17	**389.8**	343.7
Current income tax assets		**21.4**	22.4
Cash and cash equivalents	28	**151.5**	119.1
Total current assets		**769.9**	682.6
Total assets		**2,595.2**	2,295.7
EQUITY AND LIABILITIES			
EQUITY	18		
Equity attributable to equity owners of the parent			
Share capital		**221.8**	221.8
Share premium		**257.9**	257.9
Fair value and other reserves		**94.2**	117.4
Unrestricted equity reserve		**196.3**	196.3
Translation differences		**-12.4**	-38.6
Treasury shares		**-22.0**	-22.1
Retained earnings		**444.5**	418.0
Equity attributable to equity owners of the parent		**1,180.3**	1,150.7
Non-controlling interests		**12.9**	12.6
Total equity		**1,193.2**	1,163.3
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	15, 19, 20	**670.9**	448.3
Other liabilities	15	**21.4**	21.4
Deferred tax liabilities	21	**55.9**	46.4
Defined benefit pension liabilities	22	**77.3**	73.1
Provisions	23	**28.1**	23.6
Total non-current liabilities		**853.6**	612.8
CURRENT LIABILITIES			
Interest-bearing liabilities	15, 19, 20	**122.7**	156.9
Trade payables and other liabilities	15, 24	**388.7**	327.7
Current income tax liabilities		**22.1**	17.9
Provisions	23	**14.9**	17.1
Total current liabilities		**548.4**	519.6
Total liabilities		**1,402.0**	1,132.4
Total equity and liabilities		**2,595.2**	2,295.7

The notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Statement of Cash Flow (EUR million)

CONSOLIDATED STATEMENT OF CASH FLOW (IFRS)

	Note	Year ended 31 December 2015	2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		**77.2**	95.8
Adjustments for			
Depreciation, amortization and impairment	6, 11, 12, 13	**131.2**	100.3
Income taxes	9	**24.8**	26.3
Finance costs, net	7	**30.8**	30.7
Share of profit or loss of associates	8	**-0.3**	-0.2
Other non-cash income and expenses not involving cash flow		**2.6**	-64.3
Operating profit before change in net working capital		**266.3**	188.6
Change in net working capital			
Increase (-) / decrease (+) in inventories		**7.7**	-17.6
Increase (-) / decrease (+) in trade and other receivables		**-28.9**	-7.1
Increase (+) / decrease (-) in trade payables and other liabilities		**41.9**	5.3
Change in net working capital		**20.7**	-19.4
Cash flow from operations before financing items and taxes		**287.0**	169.2
Interest and other finance cost paid		**-26.3**	-25.8
Interest and other finance income received		**4.3**	3.0
Realized exchange gains and losses		**-5.2**	-39.0
Dividends received		**0.1**	0.2
Income taxes paid		**-12.3**	-33.4
Net cash generated from operating activities		**247.6**	74.2
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of subsidiaries and business acquisitions, net of cash acquired	26	**-123.4**	0.6
Purchases of available-for-sale financial assets		**-4.2**	-4.6
Purchases of property, plant, equipment and intangible assets		**-177.5**	-141.1
Change in long-term loan receivables decrease (+) / increase (-)		**0.4**	0.6
Proceeds from sale of subsidiaries, net of cash disposed	25	**1.1**	130.0
Proceeds from sale of available-for-sale financial assets		**0.1**	9.7
Proceeds from sale of property, plant and equipment and intangible assets		**2.1**	5.8
Net cash used in investing activities		**-301.4**	1.0
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current interest-bearing liabilities (+)		**250.0**	245.0
Repayment from non-current interest-bearing liabilities (-)		**-86.0**	-62.6
Short-term financing, net increase (+) / decrease (-)		**9.9**	-152.9
Dividends paid		**-86.6**	-86.0
Other finance items		**0.1**	0.1
Net cash used in financing activities		**87.4**	-56.4
Net decrease (-) / increase (+) in cash and cash equivalents		**33.6**	18.8
Cash and cash equivalents at 31 Dec		**151.5**	119.1
Exchange gains (+) / losses (-) on cash and cash equivalents		**-1.2**	-1.7
Cash and cash equivalents at 1 Jan		**119.1**	102.0
Net decrease (-) / increase (+) in cash and cash equivalents		**33.6**	18.8

The notes are an integral part of these Consolidated Financial Statements.

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	Translation differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
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
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
Remeasurements on defined benefit pensions							-26.6	-26.6		-26.6
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
Equity at January 1, 2015	221.8	257.9	117.4	196.3	-38.6	-22.1	418.0	1,150.7	12.6	1,163.3
Net profit for the period							71.0	71.0	6.2	77.2
Available-for-sale financial assets			-21.0					-21.0		-21.0
Exchange differences on translating foreign operations					26.2			26.2	0.0	26.2
Cash flow hedges			-2.5					-2.5		-2.5
Remeasurements on defined benefit pensions							35.9	35.9		35.9
Total comprehensive income			-23.5		26.2		106.9	109.6	6.2	115.8
Transactions with owners										
Dividends paid							-80.6	-80.6	-5.9	-86.5
Treasury shares issued to the Board of Directors						0.1		0.1		0.1
Share-based payments							0.7	0.7		0.7
Transfers in equity			0.3				-0.3	0.0		0.0
Other changes							-0.2	-0.2		-0.2
Transactions with owners			0.3			0.1	-80.4	-80.0	-5.9	-85.9
Equity at December 31, 2015	221.8	257.9	94.2	196.3	-12.4	-22.0	444.5	1,180.3	12.9	1,193.2

The notes are an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note
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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 in the following. 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 Pulp & 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 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 10, 2016. 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 are 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 2015

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 years but may affect the accounting for future transactions and events.

- *Annual Improvements to IFRS 2011–2013* (effective in the EU for annual periods beginning on or after 1 January 2015). 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 in the EU for annual periods beginning on or after 17 June 2014) [if not already adopted in 2014]. The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where timing and amount of the levy is certain.

APPLICATION OF NEW AND REVISED IFRS'S IN ISSUE BUT NOT YET EFFECTIVE

IASB has published the following new or revised standards which the Group has not yet adopted. The Group will adopt each standard 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 are under investigation.

- *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions* (effective in the EU for annual periods

Note
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beginning on or after 1 February 2015). The amendments to IAS 19 Employee Benefits clarify how an entity should account for contributions made by employees or third parties that are linked to services should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, be recognised as a reduction in the service cost in the period in which the related service is rendered. Retrospective application is required.

- *Annual Improvements to IFRS 2010–2012* (effective in the EU for annual periods beginning on or after 1 February 2015). 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.
- IFRS 9 *Financial Instruments* (effective date for annual periods beginning on or after 1 January 2018). IFRS 9 is a several phase project which aims to replace IAS 39 Financial Instruments: Recognition and Measurement with a new standard. According to the 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 general hedge accounting model allows entities to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of "economic relationship". The impairment model reflects expected credit losses, as opposed to incurred credit losses under IAS 39. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, entities always account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The standard also introduces a number of new disclosure requirements about an entity's risk management activities. The standard has not yet been endorsed by the EU.
- IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. The standards 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. Extensive disclosures are required by the standard. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the Standard retrospectively only to contracts that are not completed contracts at the date of initial application. The standard has not yet been endorsed by the EU.
- *Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations* (effective in the EU for annual periods beginning on or after 1 January 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 amendments are required to be applied prospectively.
- *Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IAS 16 Property, Plant and Equipment prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The amendments apply prospectively.
- *Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture 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 apply retrospectively.
- *Amendments to IAS 1 Disclosure Initiative* issued in December 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 Presentation of Financial Statements had in some cases been read to prevent the use of judgement. Specifically, an entity should not reduce the understandability of financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. A specific disclosure required by an IFRS is not needed to be provided if the information is immaterial.
- *Annual Improvements to IFRS 2012–2014* issued in September 2014 (effective in the EU for annual periods beginning on 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.

- *Amendments to IAS 27 Equity Method in Separate Financial Statements* issued in August 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments focus on separate financial statements and allow the use of equity method in such statements, in addition to already existing alternatives of valuing investments in subsidiaries, joint ventures and associates either at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The amendments are to be applied retrospectively.
- *Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception* (effective for annual period beginning on or after 1 January 2016). The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10 Consolidated Financial Statements. Consequential amendments have also been made to IAS 28 Investments in Associates and Joint Ventures to clarify that the exemption from applying equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value. The amendments have not yet been endorsed by the EU.
- IFRS 16 *Leases* issued in January 2016 (effective for annual periods beginning on or after 1 January 2019). IFRS 16 specifies the recognition, measurement, presentation and disclosure requirements on leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from the current standards. The adoption of the new standard will have an impact on the way leases are presented by the Group. The standard has not yet been endorsed by the EU.
- Amendments to IAS 12 *Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses* issued in January 2016 (effective for annual periods beginning on or after 1 January 2017). The amendments addresses recognition of deferred tax assets relating to unrealised losses arising from fair value changes in debt instruments classified as available for sale. The amendments have not yet been endorsed by the EU.

CONSOLIDATION

SUBSIDIARIES (NOTE 33)

The Consolidated Financial Statements include the parent company and its subsidiaries. Subsidiaries are all entities over which the Group has control (voting rights generally being over 50 percent). 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.

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 interest do not 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 (NOTE 8)

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

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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 2014–2015.

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 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 in the loans granted to foreign subsidiaries in replacement of their equity are treated 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 (NOTE 22)

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.

Current service costs are included in the Consolidated Income Statement as the employee benefits expenses and net interest cost on finance income and finance expense. 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.

SHARE-BASED PAYMENTS (NOTE 5, 31)

The Group has equity-settled share-based compensation plans 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.

CURRENT AND DEFERRED INCOME TAX (NOTE 9, 22)

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 (NOTE 11–13)

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 acquiree 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. 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 patents, technologies, non-compete agreements and customer relationships bases acquired in business combinations. Property, plant and equipment (PP&E) and intangible assets (with definite

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

Note
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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:

PP&E

- Buildings and constructions 20–40 years
- Machinery and equipment 3–15 years

Intangible assets

- Development costs a maximum of 8 years
- Customer relationships 5–7 years
- Technologies 5–10 years
- Non-compete agreements 3–5 years
- Other 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 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 (NOTE 4)

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 (NOTE 13, 20, 29)

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 (NOTE 16)

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, 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 (NOTE 14)

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 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. 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 taken 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 lifecycles 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.

CASH AND CASH EQUIVALENTS (NOTE 28)

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, embedded derivatives	Fair value
Other financial liabilities	Current and non-current loans, pension loans, bond and trade payables	(Amortized) cost

DERIVATIVES (NOTE 27)

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

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

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 (NOTE 27)

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 (NOTE 23)

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 LIABILITIES (NOTE 29)

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 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 (NOTE 11)

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 (NOTE 30)

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.

TREASURY SHARES (NOTE 18)

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.

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EARNINGS PER SHARE (NOTE 10)

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.

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 SHARES 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. Pension liability is calculated by independent actuaries. See Note 22 for details on the calculation of the defined benefit pension assumptions.

ENVIRONMENTAL PROVISIONS

Recognizing environmental provisions requires the management's estimates, since the precise euro amount of obligations related to provisions is not known when preparing the Financial Statements. Provisions are disclosed in Note 23.

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. Deferred taxes are disclosed in Note 21.

2. SEGMENT INFORMATION

On April 2014, Kemira started its financial reporting according to the new organizational structure which consists of three segments: Paper, Oil & Mining and Municipial & Industrial. On September 2015, Paper segment was renamed as Pulp & Paper segment. Kemira's reportable segments in the segment information are as follows:

PULP & PAPER

The Pulp & Paper segment provides customers in the pulp and paper industry with products and product packages that improve their profitability, end-product quality, 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 segment's 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. Operational business responsibilities within a segment are assumed by Regional Business Units (RBUs) having full P&L responsibility. As most operational decisions are taken on a regional level closer to customers. 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.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

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2015	Pulp & Paper	Oil & Mining	Municipal & Industrial	Group
Revenue	1,417.3	350.1	605.7	**2,373.1**
EBITDA	157.1	30.8	75.9	**263.8**
Operating profit	82.6	2.9	47.1	**132.6**
Finance costs, net				**-30.8**
Share of profit or loss of associates				**0.3**
Profit before tax				**102.1**
Income taxes				**-24.9**
Net profit for the period				**77.2**
Depreciation and amortization	-74.5	-27.2	-28.0	**-129.7**
Impairment		-0.7	-0.8	**-1.5**
Capital expenditure	240.1	30.8	34.2	**305.1**
OTHER SEGMENT INFORMATION				
Capital employed by segments (net)	1,089.6	276.7	321.1	**1,687.4**
Assets by segments	1,303.5	333.3	415.2	**2,052.0**
Investments in associates	0.5		0.7	**1.2**
Available-for-sale financial assets				**271.6**
Deferred income tax assets				**29.5**
Other investments				**5.8**
Defined benefit pension receivables				**48.9**
Other assets				**34.7**
Cash and cash equivalents				**151.5**
Total assets				**2,595.2**
Liabilities by segments	214.4	56.6	94.8	**365.8**
Interest-bearing non-current financial liabilities				**670.9**
Interest-bearing current financial liabilities				**122.7**
Other liabilities				**242.6**
Total liabilities				**1,402.0**

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

2014	Pulp & Paper	Oil & Mining	Municipal & Industrial	ChemSolutions [1]	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 taxes					-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

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 Pulp & Paper segment and ChemSolutions segment was discontinued as of the beginning of Q2 2014.

INFORMATION ABOUT GEOGRAPHICAL AREAS

Analysis of revenue by geographical area based on customer location	**2015**	2014
Finland, domicile of the parent company	**334.8**	317.9
Other Europe, Middle East and Africa	**906.0**	848.6
Americas	**935.9**	848.4
Asia Pacific	**196.4**	121.8
Total	**2,373.1**	2,136.7

Analysis of non-current assets by geographical area	**2015**	2014
Finland, domicile of the parent company	**710.1**	694.4
Other Europe, Middle East and Africa	**441.1**	406.8
Americas	**477.3**	374.1
Asia Pacific	**118.1**	92.7
Total	**1,746.6**	1,568.0

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 2015 or 2014.

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3. OTHER OPERATING INCOME

	2015	2014
Gains on sale of non-current assets [1]	1.0	48.5
Rental income	1.5	1.3
Services	2.3	2.4
Sale of scrap and waste	0.1	0.4
Income from royalties, know-how and licenses	0.1	0.2
Other income from operations	2.1	2.4
Total	7.1	55.2

1) In 2014, the gains on sale of non-current assets EUR 40.9 million includes formic acid business and the Danish distribution business.

4. OPERATING EXPENSES

	2015	2014
Change in inventories of finished goods (inventory increase + / decrease -)	11.0	11.7
Own work capitalized [1]	-2.3	-2.7
Total	8.7	9.0
Materials and services		
Materials and supplies		
Purchases during the financial year	1,440.2	1,322.4
Change in inventories of materials and supplies (inventory increase + / decrease -)	-1.4	15.7
External services	20.4	21.0
Total	1,459.2	1,359.1
Employee benefit expenses	356.0	284.2
Other operating expenses		
Rents	37.4	35.1
Loss on sales of property, plant and equipment	0.1	2.7
Other expenses [2) 3)]	255.0	248.9
Total	292.5	286.7
Total operating expenses	2,116.4	1,939.0

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 2015, other operating expenses include research and development expenses of EUR 31.9 million (28.0). Government grants received for R&D were EUR 1.2 million (2.1). The extent of grants received reduces research and development expenses.
3) In 2014, Kemira 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 agreed to withdraw the damage claims and Kemira paid to CDC a compensation of EUR 18.5 million and will compensate CDC for its legal costs.

	Note	2015	2014
EMPLOYEE BENEFIT EXPENSES			
Wages and salaries			
Wages		274.4	220.9
Emoluments of Kemira Oyj's CEO and the Board of Directors	31	1.1	1.2
Share-based payments	5	2.1	-0.3
Total		277.6	221.8
Indirect employee benefit expenses			
Pension expenses for defined benefit plans	22	3.4	-3.5
Pension expenses for defined contribution plans		20.8	15.2
Other employee benefit costs		54.2	50.7
Total		78.4	62.4
Total employee benefit expenses		356.0	284.2

	2015	2014
NUMBER OF PERSONNEL		
Average number of personnel by geographical area		
Europe, Middle East and Africa	2,536	2,463
Americas	1,550	1,474
Asia Pacific	473	348
Total	4,559	4,285
Personnel in Finland, average	793	823
Personnel outside Finland, average	3,766	3,462
Total	4,559	4,285
Number of personnel at 31 Dec	4,685	4,248

	2015	2014
DELOITTE & TOUCHE OY'S FEES AND SERVICES		
Audit fees	1.5	1.4
Tax services	0.3	0.4
Other services [4]	0.5	2.2
Total	2.3	4.0

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. SHARE-BASED PAYMENTS

SHARE-BASED INCENTIVE PLAN 2015–2017

In 2014, the Kemira Board of Directors established a new Performance Share Plan with 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 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 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 479,700 Kemira Oyj shares and additionally the cash proportion intended to cover taxes and tax-related costs.

Share-based incentive plan 2015

Performance period	2015
Lock-up period of shares	2 years
Estimated number of shares to be delivered at December 31, 2015	287,800
Fair value of the reward paid as shares, EUR million at December 31, 2015	2.7
Fair value of the reward paid in cash, EUR million at December 31, 2015	3.4
Number of participants at December 31, 2015	86

SHARE-BASED INCENTIVE PLAN FOR KEY EMPLOYEES 2013–2014

In 2013, the Kemira Board of Directors established 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 PLANS FOR MANAGEMENT BOARD MEMBERS 2012–2014

In 2012, the Kemira Board of Directors established 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.

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For the share-based incentive plans 2012–2014 the vesting periods have ended and the financial targets were not achieved.

THE EFFECT OF SHARE-BASED PAYMENTS ON OPERATING PROFIT

	2015	2014
Rewards provided in shares	0.9	-0.2
Rewards provided in cash	1.2	-0.1
Total	**2.1**	-0.3

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

	2015	2014
Amortization of intangible assets		
Other intangible assets [1)]	25.7	12.4
Development costs	3.8	3.8
Total	**29.5**	16.2
Depreciation of property, plant and equipment		
Buildings and constructions	16.2	16.4
Machinery and equipment	78.1	64.5
Other tangible assets	5.9	3.2
Total	**100.2**	84.1
Impairment of intangible assets and property, plant and equipment		
Goodwill	0.8	0.0
Land	0.7	0.0
Total	**1.5**	0.0
Total depreciation, amortization and impairments	**131.2**	100.3

1) Includes amortization of EUR 7.4 million during financial year 2015 related to AkzoNobel paper chemicals business, Soto Industries LLC and Polymer Services LLC acquisitions. More information on the acquisitions is disclosed in Notes 12 and 26.

Goodwill impairment tests is disclosed in Note 11.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

7. FINANCE INCOME AND EXPENSES

	2015	2014
Finance income		
Dividend income	0.0	0.2
Interest income		
Interest income from loans and receivables [1]	4.0	1.1
Interest income from financial assets at fair value through profit or loss	0.7	3.0
Other finance income	0.4	0.3
Total	5.1	4.6
Finance expenses		
Interest expenses		
Interest expenses from other liabilities [2]	-17.7	-17.3
Interest expenses from financial assets at fair value through profit or loss	-7.7	-10.7
Other finance expenses [3]	-8.5	-6.0
Total	-33.9	-34.0
Exchange gains and losses		
Exchange gains and losses from financial assets and liabilities at fair value through profit or loss	0.0	-37.0
Exchange gains and losses from loans and other receivables	-1.7	-0.4
Exchange gains and losses from other liabilities	-0.3	36.1
Total	-2.0	-1.3
Total finance income and expenses	-30.8	-30.7
Net finance expenses as a percentage of revenue	1.3	1.4
Net interest as a percentage of revenue	0.9	1.1
Change in Consolidated Statement of Comprehensive Income from hedge accounting instruments		
Cash flow hedge accounting: Amount recognized in the Consolidated Statement of Comprehensive Income	-2.5	3.4
Total	-2.5	3.4
Exchange differences		
Realized	-5.1	-11.2
Unrealized	3.1	9.9
Total	-2.0	-1.3

1) In 2015 includes interest income from income taxes of EUR 3 million.
2) In 2014 includes delay interest costs from taxes of EUR 3 million.
3) Includes write down of EUR -2.3 million a shareholder's loan related to Kemira's ownership in TVO (Teollisuuden Voima Oyj), a Finnish power company and ineffective portion of electricity hedge EUR -0.8 million (-1.0).

8. INVESTMENTS IN ASSOCIATES

	2015	2014
Net book value at 1 Jan	0.9	0.8
Dividends received	0.0	-0.1
Share of profit (+) / loss (-)	0.3	0.2
Net book value at 31 Dec	1.2	0.9

GROUP HOLDING %

Name of the company	2015	2014
FC Energia Oy (Ikaalinen, Finland)	34.0	34.0
FC Power Oy (Ikaalinen, Finland)	34.0	34.0
Haapaveden Ympäristöpalvelut Oy (Haapavesi, Finland)	40.5	40.5
Honkalahden Teollisuuslaituri Oy (Joutseno, Finland)	50.0	50.0

SUMMARY OF ASSETS, LIABILITIES, REVENUES AND THE RESULT OF ASSOCIATES FOR THE PERIOD (TOTAL AMOUNTS)

	2015	2014
Assets	21.4	22.4
Liabilities	19.2	20.5
Revenue	7.5	6.9
Profit (+) / loss (-) for the period	0.5	0.3

Related party transactions carried out with associates are disclosed in Note 31.

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9. INCOME TAXES

	2015	2014
Current taxes	-24.2	-29.5
Taxes for prior years	4.8	-0.7
Change in deferred taxes	-5.5	3.9
Total	-24.9	-26.3

Subsidiaries have EUR 143.9 million (106.9) tax losses of which no deferred tax benefits have been recognized.

RECONCILIATION BETWEEN TAX EXPENSE AND TAX CALCULATED AT DOMESTIC TAX RATE

	2015	2014
Profit before tax	102.1	122.1
Tax at parent's tax rate 20%	-20.4	-24.4
Foreign subsidiaries' different tax rate	2.0	-3.0
Non-deductible expenses and tax-exempt profits	-1.2	7.4
Share of profit or loss of associates	0.1	0.0
Tax losses	-7.4	-4.6
Tax for prior years	4.8	-0.7
Changes in deferred taxes related to prior years	-2.8	-1.0
Total taxes	-24.9	-26.3

THE TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2015			2014		
	Before tax	Tax charge (-) / credit (+)	After tax	Before tax	Tax charge (-) / credit (+)	After tax
Available-for-sale financial assets	-26.3	5.3	-21.0	62.5	-12.5	50.0
Exchange differences on translating foreign operations	26.2	0.0	26.2	1.2	0.0	1.2
Cash flow hedges	-3.1	0.6	-2.5	4.3	-0.9	3.4
Remeasurements on defined benefit pensions	44.8	-8.9	35.9	-32.6	6.0	-26.6
Other comprehensive income	41.6	-3.0	38.6	35.4	-7.4	28.0

10. EARNINGS PER SHARE

	2015	2014
Earnings per share, basic		
Net profit attributable to equity owners of the parent	71.0	89.9
Weighted average number of shares 1)	152,059,309	152,048,098
Basic earnings per share, EUR	0.47	0.59
Earnings per share, diluted		
Net profit attributable to equity owners of the parent	71.0	89.9
Weighted average number of shares 1)	152,059,309	152,048,098
Adjustments for:		
Treasury shares possibly subject to emission in share-based payments	335,317	154,781
Weighted average number of shares for diluted earnings per share	152,394,626	152,202,879
Diluted earnings per share, EUR	0.47	0.59

1) Weighted average number of shares outstanding, excluding the number of treasury shares.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

11. GOODWILL

	Note	2015	2014
Net book value at 1 Jan		485.6	471.9
Acquisition of subsidiaries and business acquisitions 1)	26	21.3	-0.1
Decreases and other changes		-0.8	0.0
Exchange differences		12.2	13.8
Net book value at 31 Dec		518.3	485.6

1) In 2015, goodwill has increased by EUR 21.3 million which is related to the acquired AkzoNobel paper chemicals business. 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.

GOODWILL IMPAIRMENT TESTING

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 2015 (2014: no impairment).

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 Pulp & Paper, Oil & Mining and Municipal & Industrial. A summary of the net book value and goodwill to the Group's reportable segments is presented in the following table.

	Dec 31, 2015	
	Net book value	of which goodwill
Pulp & Paper	1,025	357
Oil & Mining	255	83
Municipal & Industrial	300	78
Total	1,580	518

	Dec 31, 2014	
	Net book value	of which goodwill
Pulp & Paper	893	330
Oil & Mining	245	83
Municipal & Industrial	297	73
Total	1,435	486

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). 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 following table.

%	2015	2014
Pulp & Paper	6.1	6.3
Oil & Mining	6.7	7.3
Municipal & Industrial	5.4	5.6

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

2015	Internally generated development costs	Other intangible assets [1)]	Prepayments	Total
Acquisition cost at 1 Jan	47.2	185.9	13.5	**246.6**
Additions		8.8	2.6	**11.4**
Acquisitions of subsidiaries and business acquisitions [1)]		75.6	-0.1	**75.5**
Decreases and other changes		-62.8	-3.7	**-66.5**
Exchange rate differences		1.0	0.5	**1.5**
Acquisition cost at 31 Dec	47.2	208.5	12.8	**268.5**
Accumulated amortization at 1 Jan	-41.7	-128.6		**-170.3**
Accumulated amortization relating to decreases and transfers		66.6		**66.6**
Amortization during the financial year	-3.8	-25.7		**-29.5**
Exchange rate differences		-0.6		**-0.6**
Accumulated amortization at 31 Dec	-45.5	-88.3		**-133.8**
Net book value at 31 Dec	**1.7**	**120.2**	**12.8**	**134.7**

1) Other intangible assets includes AkzoNobel the paper chemicals business, Soto Industries LLC and Polymer Services LLC of which acquisition value EUR 75.6 million was allocated to intangible assets as customer relationships, non-compete agreements, patents and technologies.

2014	Internally 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

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

13. PROPERTY, PLANT AND EQUIPMENT

2015	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction [2]	Total
Acquisition cost at 1 Jan	51.0	424.9	1,221.2	53.1	65.6	**1,815.8**
Additions		10.1	67.1	2.0	86.8	**166.0**
Acquisitions of subsidiaries and business acquisitions [1]	2.6	5.1	13.1	0.1	1.7	**22.6**
Decreases and other changes	-0.4	-9.3	-39.4	-3.2	-0.1	**-52.4**
Reclassifications		3.6	16.5	0.7	-20.8	**0.0**
Exchange rate differences	1.3	11.9	40.7	2.0	-5.4	**50.5**
Acquisition cost at 31 Dec	54.5	446.3	1,319.2	54.7	127.8	**2,002.5**
Accumulated depreciation at 1 Jan	-8.8	-234.8	-844.1	-21.9		**-1,109.6**
Accumulated depreciation related to decreases and transfers		9.3	38.6	3.1		**51.0**
Depreciation during the financial year		-16.2	-78.3	-5.7		**-100.2**
Impairments	-0.7					**-0.7**
Exchange rate differences		-5.5	-21.7	-0.5		**-27.7**
Accumulated depreciation at 31 Dec	-9.5	-247.2	-905.5	-25.0		**-1,187.2**
Net book value at 31 Dec	**45.0**	**199.1**	**413.7**	**29.7**	**127.8**	**815.3**

1) Property, plant and equipment includes acquisitions of AkzoNobel the paper chemicals business, Soto Industries LLC and Polymer Services LLC with book value of EUR 22.6 million.

2014	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction [2]	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		-9.9
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

2) Prepayment and non-current assets under construction mainly comprises of plant investments.

FINANCE LEASE ASSETS

Property, plant and equipment where the Group is a lessee under a finance lease includes the following amounts:

	2015	2014
Cost – capitalized finance leases	**6.0**	6.0
Accumulated depreciation	**-2.5**	-1.8
Net book value at 31 Dec	**3.5**	4.2

The Group leases buildings and constructions, machinery and equipment and other property, plant and equipment under finance lease agreements.

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14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
Net book value at 1 Jan	**293.7**	233.6
Additions	**4.2**	4.4
Decreases	**-0.1**	-6.8
Change in fair value	**-26.2**	62.5
Net book value at 31 Dec	**271.6**	293.7

THE SHARES OF POHJOLAN VOIMA GROUP

The available-for-sale financial assets total EUR 271.6 million (293.7) include the shares in Pohjolan Voima Group of EUR 270.0 million (292.1); 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 its subsidiary Teollisuuden Voima Oyj.

	Class of shares	Holding %	Class of assets	**2015 Fair value**	2014 Fair value
Pohjolan Voima Oy	A	5	hydro power	**75.6**	79.3
Pohjolan Voima Oy	B	3	nuclear power	**72.8**	83.6
Pohjolan Voima Oy	B2	7	nuclear power	**18.0**	13.9
Teollisuuden Voima Oyj	A	2	nuclear power	**79.4**	91.2
Other Pohjolan Voima Oy and Teollisuuden Voima Oyj	C, C2, G5, G6, M	several	several	**24.2**	24.1
Total				**270.0**	292.1

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 short-term discount rate in 2015 was 4.2% (3.9%) and long-term discount rate was 4.8% (4.6%). A 10% decrease in the electricity market future price would decrease the fair value of shares by approximately EUR 43 million. An increase of 1 percentage point in the discount rate would decrease the fair value by approximately EUR 38 million.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

15. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

2015	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 other 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					271.6		**271.6**	**271.6**
Other assets					5.8			**5.8**	**5.8**
Current financial assets									
Receivables [2]	17								
Interest-bearing receivables					0.2			**0.2**	**0.2**
Non-interest-bearing receivables									
Trade receivables					295.4			**295.4**	**295.4**
Other receivables [3] [4]			5.2	3.3	0.3			**8.8**	**8.8**
Total			5.2	3.3	301.7	271.6		**581.8**	**581.8**
Non-current financial liabilities									
Interest-bearing liabilities	19								
Loans from financial institutions							315.2	**315.2**	**333.1**
Bonds [5]							352.4	**352.4**	**359.2**
Other liabilities							3.3	**3.3**	**3.4**
Other liabilities							21.4	**21.4**	**21.4**
Current financial liabilities									
Interest-bearing liabilities	19								
Loans from financial institutions							36.7	**36.7**	**38.1**
Other liabilities							86.0	**86.0**	**89.2**
Non-interest-bearing current liabilities	24								
Trade payables							162.4	**162.4**	**162.4**
Other liabilities [3]		12.2	2.1				32.4	**46.7**	**47.9**
Total		12.2	2.1				1,009.8	**1,024.1**	**1,054.7**

1) The available-for-sale financial assets include mainly 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 0.3 million (0.8) paid to counterparties.
5) Includes hedge accounting adjustment of EUR 2.4 million (2.1).

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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 other 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
Other assets					9.2			9.2	9.2
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	275.4	293.7		575.0	575.0
Non-current financial liabilities									
Interest-bearing liabilities	19								
Loans from financial institutions							241.6	241.6	248.8
Bonds [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	19								
Loans from financial institutions							85.5	85.5	88.1
Other liabilities							71.4	71.4	73.2
Non-interest-bearing liabilities	24								
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 mainly 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 0.3 million (0.8) paid to counterparties.
5) Includes hedge accounting adjustment of EUR 2.4 million (2.1).

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FAIR VALUE OF FINANCIAL ASSETS

	2015				2014			
FAIR VALUE HIERARCHY	Level 1	Level 2	Level 3	Total net	Level 1	Level 2	Level 3	Total net
Available-for-sale financial assets	-	-	271.6	**271.6**	-	-	293.7	293.7
Other investments	-	5.8	-	**5.8**	-	9.2	-	9.2
Currency investments	-	5.2	-	**5.2**	-	2.9	-	2.9
Interest rate instruments, hedge accounting	-	3.3	-	**3.3**	-	3.0	-	3.0
Other receivables	-	0.2	-	**0.2**	-	0.9	-	0.9
Trade receivables	-	295.4	-	**295.4**	-	265.3	-	265.3
Total	-	**309.9**	**271.6**	**581.5**	-	281.3	293.7	575.0

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.

There is no transfers between levels 1–3 during the financial year.

LEVEL 3 SPECIFICATION	Level 3 Total net 2015	Level 3 Total net 2014
Instrument		
Net book value at 1 Jan	**293.7**	227.0
Effect on the Statement of Comprehensive Income	**-26.3**	62.5
Increases	**4.2**	4.4
Decreases	**0.0**	-0.2
Net book value at 31 Dec	**271.6**	293.7

FAIR VALUE OF FINANCIAL LIABILITIES

	2015				2014			
FAIR VALUE HIERARCHY	Level 1	Level 2	Level 3	Total net	Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	-	695.1	-	**695.1**	-	461.7	-	461.7
Repayments from non-current interest-bearing liabilities	-	38.1	-	**38.1**	-	88.1	-	88.1
Non-current other liabilities	-	21.4	-	**21.4**	-	21.4	-	21.4
Finance lease liabilities	-	1.2	-	**1.2**	-	2.2	-	2.2
Loans from financial institutions	-	88.6	-	**88.6**	-	63.2	-	63.2
Current other liabilities	-	33.6	-	**33.6**	-	38.5	-	38.5
Currency instruments	-	2.1	-	**2.1**	-	1.4	-	1.4
Interest rate instruments, hedge accounting	-	1.7	-	**1.7**	-	2.5	-	2.5
Other instruments, hedge accounting	-	10.5	-	**10.5**	-	5.9	-	5.9
Trade payables	-	162.4	-	**162.4**	-	135.2	-	135.2
Total	-	**1,054.7**	-	**1,054.7**	-	820.1	-	820.1

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

16. INVENTORIES

	2015	2014
Materials and supplies	66.8	67.6
Finished goods	131.3	120.3
Prepayments	8.9	9.4
Total	207.0	197.3

In 2015, EUR 2.5 million (1.6) 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	2015	2014
Interest-bearing receivables			
Loan receivables		0.2	0.1
Trade and other receivables			
Trade receivables	28	295.4	265.3
Prepayments		4.5	4.4
Prepaid expenses and accrued income		45.1	34.1
Other receivables		44.8	39.9
Total		389.8	343.7

In 2015, items that are due in a time period longer than one year include trade receivables of EUR 0.5 million (0.9), prepaid expenses and accrued income of EUR 0.8 million (0.5) and non-interest bearing receivables of EUR 6.5 million (10.1).

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

18. SHAREHOLDERS' EQUITY

SHARE CAPITAL

	Number of shares outstanding (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

	Number of shares outstanding (1,000)	Share capital
January 1, 2015	**152,051**	**221.8**
Treasury shares issued to the Board of Directors	**11**	
December 31, 2015	**152,062**	**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, 2015, the share capital was EUR 221.8 million and the total number of shares issued was 155,342,557 including 3,280,602 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, 2015, other reserves were EUR 4.0 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.

TRANSLATION DIFFERENCES

The foreign currency translation differences arise from the translation of foreign subsidiaries' financial statements. Also, foreign subsidiaries loans have been granted in replacement of their equity, and currency differences have been included in foreign currency translation differences.

TREASURY SHARES

Kemira had 3,280,602 (3,291,185) of its treasury shares in possession on December 31, 2015. 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

	2015	2014
Net book value at 1 Jan	**12.6**	13.0
Dividends	**-5.9**	-5.4
Decreases	**0.0**	-0.5
Share of the profit for the period	**6.2**	5.9
Exchange rate differences	**0.0**	-0.4
Net book value at 31 Dec	**12.9**	12.6

			Kemira Group's Holding, %		Ownership interest held by non-controlling interests, %	
Name of the company	City	Country	2015	2014	2015	2014
Aliada Quimica de Portugal Lda.	Estarreja	Portugal	**50.10**	50.10	**49.90**	49.90
Kemifloc a.s.	Přerov	Czech Republic	**51.00**	51.00	**49.00**	49.00
Kemwater ProChemie s.r.o.	Kosmonosy	Czech Republic	**95.10**	95.10	**4.90**	4.90
Kemifloc Slovakia S.r.o.	Prešov	Slovakia	**51.00**	51.00	**49.00**	49.00
Kemipol Sp. z o.o.	Police	Poland	**51.00**	51.00	**49.00**	49.00
Kemira Cell sp.z.o.o.	Ostroleka	Poland	**55.00**	55.00	**45.00**	45.00
Kemira Chemicals India Private Limited	Hyderabad	India	**99.99**	99.99	**0.01**	0.01
PT Kemira Chemicals Indonesia	Pasuruan	Indonesia	**99.77**	-	**0.23**	-

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19. INTEREST-BEARING LIABILITIES

	2015	2014
Interest-bearing current liabilities		
Loans from financial institutions	36.7	85.5
Finance lease liabilities	0.6	0.8
Other current liabilities	85.4	70.6
Total	122.7	156.9
Interest-bearing non-current liabilities		
Loans from financial institutions	315.2	241.6
Bonds	352.4	202.1
Finance lease liabilities	0.6	1.4
Other non-current liabilities	2.7	3.2
Total	670.9	448.3
Non-current interest-bearing liabilities maturing in		
2017 (2016)	67.6	36.9
2018 (2017)	83.0	60.8
2019 (2018)	210.1	75.8
2020 (2019)	160.2	209.9
2021 (2020) or later	150.0	64.9
Total	670.9	448.3
Interest-bearing liabilities maturing in five years or over a longer period of time		
Bond [1)]	150.0	0.0
Loans from financial institutions	0.0	64.9
Total	150.0	64.9

1) Kemira issued a senior unsecured bond of EUR 150 million in May 13, 2015. The bond will mature on May 13, 2022 and it carries a fixed annual interest of 2.250 percent.

The foreign currency breakdown of non-current loans is disclosed in Note 28 Management of financial risks. The Group's liabilities include neither debentures nor convertible bonds.

Interest-bearing net liabilities	2015	2014
Non-current liabilities	670.9	448.3
Current liabilities	122.7	156.9
Cash and cash equivalents	-151.5	-119.1
Total	642.1	486.1

20. FINANCE LEASE LIABILITIES

	2015	2014
Maturity of minimum lease payments		
No later than 1 year	0.6	0.9
1–5 years	0.7	0.8
Later than 5 years	0.0	0.7
Total minimum lease payments	1.3	2.4
Present value of finance lease liabilities		
Total minimum lease payments	1.3	2.4
Future finance charges on finance leases	-0.1	-0.2
Present value of finance lease liabilities	1.2	2.2
Maturity of the present value of finance lease liabilities		
No later than 1 year	0.6	0.8
1–5 years	0.6	0.8
Later than 5 years	0.0	0.6
Total present value of finance lease liabilities	1.2	2.2

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

21. DEFERRED TAX LIABILITIES AND ASSETS

	Jan 1, 2015	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Disposed subsidiaries	Exchange differences and reclassifications	Dec 31, 2015
Deferred tax liabilities							
Depreciation difference and untaxed reserves	55.2	0.7				3.3	**59.2**
Available-for-sale financial assets	29.8		-5.2				**24.6**
Defined benefit pensions	2.6	-0.2	8.5			0.4	**11.3**
Fair value adjustments of net assets acquired [1]	7.6	-1.7			3.8	0.1	**9.8**
Other	2.7	9.2	0.3			0.1	**12.3**
Total	97.9	8.0	3.6	0.0	3.8	3.9	**117.2**
Deferred tax assets deducted	-51.5						**-61.3**
Deferred tax liabilities in the balance sheet	46.4						**55.9**
Deferred tax assets							
Provisions	4.9	5.9				6.9	**17.7**
Tax losses	56.7	-17.4				-7.0	**32.3**
Defined benefit pensions	4.2	0.8	-0.2			-0.1	**4.7**
Other	19.4	13.2	0.8		0.6	2.1	**36.1**
Total	85.2	2.5	0.6	0.0	0.6	1.9	**90.8**
Deferred tax liabilities deducted	-51.5						**-61.3**
Deferred tax assets in the balance sheet	33.7						**29.5**

	Jan 1, 2014	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired 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
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
Deferred tax assets in the balance sheet	36.0						33.7

1) The identifiable assets acquired and liabilities assumed in a business combination are recognized at their fair values. The resulting deferred taxes affect goodwill.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

22. DEFINED BENEFIT PENSION PLANS AND EMPLOYEE BENEFITS

The Group has several defined benefit pension plans and other employee benefits obligations. The main defined benefit pension plans are in Finland, Sweden, Germany, UK, Norway and Canada.

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 241.2 million (284.5) and the plan assets EUR 287.5 million (289.8).

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.

The 2017 pension reform legislation and its associated mortality rate assumption affects the calculation of supplementary benefits for persons belonging to Pension Fund Neliapila. In the IFRS financial statements for 2015, the new assumed mortality is recognized in other comprehensive income, and the pension reform legislation change may be recognized in profit or loss as past service cost in the IFRS financial statements for 2016.

SWEDEN

A 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. The defined benefit obligations in Sweden total EUR 46.9 million (46.8).

AMOUNTS RECOGNIZED IN THE BALANCE SHEET – DEFINED BENEFIT OBLIGATIONS

	2015	2014
Defined benefit obligations	337.5	375.2
Fair value of plan assets	-309.1	-309.6
Net recognized assets (-) / liabilities (+) in the balance sheet	28.4	65.6
Liabilities for defined benefit plans	77.3	73.1
Assets for defined benefit plans	-48.9	-7.5
Net recognized assets (-) / liabilities (+) of defined benefit plans in the balance sheet	28.4	65.6

AMOUNTS RECOGNIZED IN THE COMPREHENSIVE INCOME – DEFINED BENEFIT PLANS

	2015	2014
Service cost	3.4	-5.0
Net interest cost	1.7	1.5
Components of defined benefit expenses (+) / income (-) recorded in the income statement	5.1	-3.5
Remeasurements on defined benefit pensions from actuarial gains (-) and losses (+) 1) 2)	-35.9	26.6
Defined benefit expenses (+) / income (-) recognized in the other comprehensive income	-35.9	26.6
Total comprehensive income for defined benefit plans expenses (+) / income (-)	-30.8	23.1

1) 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.

2) In 2015 and 2014, the change in actuarial gains / losses are mainly due to changes in economic assumptions in determining the actuarial items. In addition, in 2015 the actuarial gains are affected by EUR 8.8 million of revised mortality rates related to Pension Fund Neliapila. The updated mortality rate is treated as demographic assumption in the IAS 19 calculation.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

THE MOVEMENT IN THE DEFINED BENEFIT OBLIGATIONS OVER THE PERIOD

	2015	2014
Defined benefit obligation at 1 Jan	375.2	423.8
Current service cost	3.0	2.6
Interest cost	6.7	10.8
Actuarial losses (+) / gains (-) on obligation	-34.7	45.3
Exchange differences on foreign plans	0.3	-2.3
Effect of business combinations and divestments 3)	4.8	-7.8
Benefits paid	-19.8	-20.3
Curtailments and settlements 4)	-0.1	-77.0
Past service cost	0.3	0.0
Other movements	1.8	0.1
Defined benefit obligation at 31 Dec	337.5	375.2

MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS OVER THE PERIOD

	2015	2014
Fair value at 1 Jan	309.6	379.8
Interest income	5.0	9.3
Contributions	2.2	1.3
Actuarial losses (-) / gains (+) on plan assets	10.1	13.7
Exchange differences on foreign plans	-0.7	0.4
Effect of business combinations and divestments 3)	0.5	-6.3
Benefits paid	-17.1	-17.8
Settlements 4)	0.0	-70.7
Other movements	-0.5	-0.1
Fair value of plan assets at 31 Dec	309.1	309.6

3) In 2015 Kemira acquired AkzoNobel paper chemicals business. As a result of the acquisition, the transferred defined benefits plans to Kemira are mainly located in Germany, France, Italy, Indonesia, Thailand, Korea and Australia.
4) In 2014 the defined benefit pension plan previously in force in the Netherlands was changed to a defined contribution plan.

ANALYSIS OF PLAN ASSETS BY ASSET CATEGORY

	2015	2014
Interest rate investments and other assets	175.1	163.1
Shares and share funds	117.2	129.9
Properties occupied by the Group	15.5	15.5
Kemira Oyj's shares	1.3	1.1
Total assets	309.1	309.6

The Finnish Pension Fund Neliapila, which has the most of the defined plan's assets EUR 287.5 million (289.8) consist of interest rate investments and other assets EUR 165.9 million (156.1); shares and share funds EUR 104.8 million (117.1); properties EUR 15.5 million (15.5) and Kemira Oyj´s shares EUR 1.3 million (1.1). 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 income (+) / expense (-) of actual return on plan assets of the Group's defined benefit plan was EUR 14.7 million (23.0).

SIGNIFICANT ACTUARIAL ASSUMPTIONS, %

	2015	2014
Discount rate	2.0–4.0	1.5–4.0
Inflation rate	1.5–2.5	1.5–3.0
Future salary increases	1.5–3.0	2.0–3.3
Future pension increases	1.7–3.0	1.8–3.3

The significant assumptions used in calculating the obligations of the Finnish Pension Fund Neliapila were as follows: discount rate 2.0% (1.5%), inflation rate 1.5% (2.0%), future salary increases 1.5% (2.0%) and future pension increases 1.7% (2.1%).

SENSITIVITY ANALYSES

If the discount rate would be 0.5% lower, the defined benefit obligation would increase by EUR 22.3 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, 2016, are EUR 3.5 million.

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23. PROVISIONS

	Personnel related provisions	Restructuring provisions	Environmental provisions	Other provisions	Total
Non-current provisions					
At January 1, 2015	5.3	1.1	16.2	1.0	**23.6**
Exchange rate differences	-0.1		0.3	-0.2	**0.0**
Additional provisions and increases in existing provisions	0.9		2.7	6.0	**9.6**
Used during the financial year	-0.3	-0.5	-3.1		**-3.9**
Unused amounts reversed	-0.5		-0.5	-0.5	**-1.5**
Reclassification	-1.9	0.1	1.0	1.1	**0.3**
At December 31, 2015	**3.4**	**0.7**	**16.6**	**7.4**	**28.1**
Current provisions					
At January 1, 2015	3.1	4.4	9.4	0.2	**17.1**
Exchange rate differences					**0.0**
Additional provisions and increases in existing provisions	3.6	5.5	1.2		**10.3**
Used during the financial year	-1.8	-2.2	-4.8		**-8.8**
Unused amounts reversed	-1.0	-0.1	-2.2		**-3.3**
Reclassification		0.6	-1.0		**-0.4**
At December 31, 2015	**3.9**	**8.2**	**2.6**	**0.2**	**14.9**

	2015	2014
Analysis of total provisions		
Non-current provisions	**28.1**	23.6
Current provisions	**14.9**	17.1
Total	**43.0**	40.7

In 2015, increase in provisions related mainly to streamlining organizational structure, contingent consideration related to the acquisition and the plant closures and environmental clean-up work in those plants. More information on environmental risks and liabilities can be found in Note 30.

24. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2015	2014
Trade payables and other liabilities		
Prepayments received	**1.7**	3.4
Trade payables	**162.4**	135.2
Accrued expenses	**192.8**	159.9
Other non-interest-bearing current liabilities	**31.8**	29.2
Total	**388.7**	327.7
Accrued expenses		
Employee benefits	**62.6**	41.1
Items related to revenues and purchases	**80.3**	70.4
Interest	**9.9**	11.2
Exchange rate differences	**0.3**	1.5
Other	**39.7**	35.7
Total	**192.8**	159.9

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

25. CASH FLOW FROM DISPOSALS OF SUBSIDIARIES

	2015	2014
Disposal of subsidiaries		
Proceeds from the disposals [1)]	1.1	132.0
Cash and cash equivalents in disposed companies	-	-2.0
Total cash flow on disposals of subsidiaries	1.1	130.0
Assets and liabilities disposed of subsidiaries		
Net working capital	-	8.8
Property, plant and equipment and intangible assets	-	-0.1
Other non-interest bearing receivables	-	0.2
Non-controlling interests	-	-0.6
Interest-bearing liabilities	-	-3.8
Non-interest bearing liabilities	-	-2.0
Total assets and liabilities of disposed subsidiaries	-	2.5

1) In 2015, proceeds from the disposals includes a final payment related to the sold business in Brazil. Kemira sold Brazilian coagulant business to Bauminas Química Ltda. in 2013.

26. BUSINESS COMBINATIONS

2015: ACQUISITION OF AKZONOBEL PAPER CHEMICALS BUSINESS

On May 4, 2015 Kemira acquired AkzoNobel paper chemicals business. As a result of the acquisition, six AkzoNobel paper chemicals production sites and about 350 employees transferred to Kemira. The transferred production sites are located in South Korea, Thailand, Indonesia, Australia, Spain and Italy. The acquisition strengthens Kemira's market position especially in the APAC region. It also enables efficiency improvements in global paper chemicals manufacturing network.

The consideration of EUR 127,3 million was paid in cash and it does not involve the contingent consideration. Kemira acquired a 100% interest in acquired business and the acquired business has been consolidated into Pulp & Paper segment. A provisional goodwill of EUR 21.3 million arises from the expected synergy in the business combination.

The calculations under IFRS 3 related to the acquisition are provisional and the presented values of assets, liabilities and goodwill may change during the 12-month period when the acquisition calculation will be finalized. Based on preliminary calculations EUR 62 million was allocated to intangible assets as customer relationships, non-compete agreements, patents and technologies. Acquired intangible assets will be amortized within an average of six years.

The following table summarizes the consideration paid for AkzoNobel paper chemicals business, and the amounts of the assets acquired and liabilities assumed recognized on the acquisition date:

	Note	
Purchase consideration, paid in cash, total		127.3
The assets and liabilities recognized as a result of the acquisition		
Intangible assets	12	62.0
Property, plant and equipment	13	21.9
Inventories		14.8
Trade receivables		8.1
Other receivables		3.5
Cash and cash equivalents		13.6
Deferred tax liabilities		-3.8
Provisions, trade payables and other payables		-14.1
Net assets acquired in fair value		106.0
Goodwill	11	21.3
Total		127.3

Acquisition-related costs of EUR 7.7 million have been included in other operating expenses in the Consolidated Income Statement for the year ended 31 December 2015.

The revenue included in the Consolidated Income Statement since 4 May 2015 contributed by AkzoNobel paper chemicals business was EUR 146 million. It also contributed EBITDA of EUR 13 million over the same period.

Had AkzoNobel paper chemicals business been consolidated from 1 January 2015, the consolidated income statement would show pro forma revenue of EUR 219 million and EBITDA of EUR 19 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.

2015: ACQUISITIONS OF SOTO INDUSTRIES LLC AND POLYMER SERVICES LLC

On September 2, 2015, Kemira announced that it has acquired certain assets of Soto Industries, LLC, a privately owned company, headquartered in Charlotte, North Carolina. Soto specializes in the application of scale control products, defoamers, and settling agents for the pulp and paper industry. The acquisition is consolidated to Pulp & Paper segment.

On December 8, 2015, Kemira acquired certain assets of Polymer Services, LLC, a privately owned company, headquartered in Plainville, Kansas. Polymer Services, LLC is a highly specialized company focusing on the field application of polymer gel treatments for enhanced or improved oil recovery. The acquisition is consolidated to Oil & Mining segment.

These calculations under IFRS 3 related to the acquisition are provisional and fair value of identifiable assets are obtained when the final calculations have been completed.

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27. DERIVATIVE INSTRUMENTS

	2015			2014		
NOMINAL VALUES	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Currency instruments						
Forward contracts	402.3	-	**402.3**	304.7	-	304.7
Currency options	-	-	-	65.2	-	65.2
Bought	-	-	-	32.6	-	32.6
Sold	-	-	-	32.6	-	32.6
Interest rate instruments						
Interest rate swaps	65.9	282.9	**348.8**	66.5	258.0	324.5
of which cash flow hedges	65.9	182.9	**248.8**	66.5	158.0	224.5
of which fair value hedges	-	100.0	**100.0**	-	100.0	100.0
Other instruments						
Electricity forward contracts, bought (GWh)	562.2	893.5	**1,455.7**	538.4	965.2	1,503.6
of which cash flow hedges (GWh)	562.2	893.5	**1,455.7**	538.4	965.2	1,503.6

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	Assets gross	Liabilities gross	Total net	Assets gross	Liabilities gross	Total net
Currency instruments						
Forward contracts	5.2	-2.1	**3.1**	2.9	-1.4	1.5
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	3.3	-1.7	**1.6**	3.0	-2.5	0.5
of which cash flow hedges	-	-1.7	**-1.7**	-	-2.5	-2.5
of which fair value hedges	3.3	-	**3.3**	3.0	-	3.0
Other instruments						
Electricity forward contracts, bought	-	-10.5	**-10.5**	-	-5.9	-5.9
of which cash flow hedges	-	-10.5	**-10.5**	-	-5.9	-5.9

	Assets gross		Liabilities gross		Assets gross		Liabilities gross	
FAIR VALUES	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year
Currency instruments								
Forward contract	**5.2**	**-**	**-2.1**	**-**	2.9	-	-1.4	-
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	**-**	**3.3**	**-0.6**	**-1.1**	-	3.0	-0.8	-1.7
of which cash flow hedges	**-**	**0.0**	**-0.6**	**-1.1**	-	0.0	-0.8	-1.7
of which fair value hedges	**-**	**3.3**	**-**	**-**	-	3.0	-	-
Other instruments								
Electricity forward contracts, bought	**0.0**	**0.0**	**-5.2**	**-5.3**	0.0	0.0	-3.1	-2.8
of which cash flow hedges	**0.0**	**0.0**	**-5.2**	**-5.3**	0.0	0.0	-3.1	-2.8

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28. 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 safeguarding 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 Swedish krona, the Brazilian real and the Canadian dollar. At the end of the year the denominated exchange rate risk of the Swedish krona had an equivalent value of approximately EUR 60 million (34), the average hedging rate being 58% (76%). The Brazilian real's denominated exchange rate risk was approximately EUR 43 million (39) without being hedged. The Canadian dollar's denominated exchange rate risk had an equivalent value of approximately EUR 39 million (41), the average hedging rate being 54% (52%). Kemira is exposed to smaller transaction risks in relation to the Chinese renminbi, U.S. dollar and Norwegian krona with the annual exposure in those currencies being approximately EUR 50 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	2015				2014			
	SEK	CAD	USD	Other	SEK	CAD	USD	Other
Operative cash flow forecast [1)]	-60.4	38.9	14.1	34.6	-33.9	41.0	6.8	61.9
Loans, net	2.7	1.5	430.7	17.3	-16.1	-	315.5	53.8
Derivatives, transaction hedging	39.2	-23.2	-9.2	-8.5	13.8	-22.0	0.0	-12.5
Derivatives, translation hedging	-2.7	-1.5	-65.9	-73.9	16.8	-	-74.4	-50.3
Total	-21.2	15.7	369.7	-30.5	-19.4	19.0	247.9	52.9

1) Based on 12 months foreign currency operative cash flow forecast.

At the turn of 2015/2016, the foreign currency operative cash flow forecast for 2016 was EUR 208 million of which 41% was hedged (32%). 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 approximately EUR 15 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. To the some foreign subsidiaries loans in US dollar have been granted in replacement of their equity, and currency differences have been included in foreign currency translation differences.

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 6–60 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

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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 31 months at the end of 2015 (23 months). Excluding the interest rate derivatives, the duration was 27 months (20 months). At the end of 2015, 80% of the Group's entire net debt portfolio, including derivatives and pension loans, was fixed (82%). The net financing cost of the Group was 3.9% (5.2%). 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%.

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, 2015	<1 year	1–5 years	> 5 year	Total
Floating net liabilities	128.3	-	-	**128.3**
Fixed net liabilities	65.9	297.9	150.0	**513.8**
Total	**194.2**	**297.9**	**150.0**	**642.1**

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

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, 2016, the resulting interest expenses before taxes incurred by the Group over the next 12 months would increase by approximately EUR 0.4 million (0.5). During 2016, Kemira will reprice 20% (30%) 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 -1.7 million (-2.5) and fair value hedging with market value of EUR 3.3 million (3.0). 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 positive impact in market valuation of interest rate swaps of EUR 0.3 million (0.4) in equity.

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 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 +/-3.5 million (+/-4.3). This impact would be mainly in equity.

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 10 approved financial institution counterparties used by the Group Treasury, all of which have a credit rating of at least investment grade, 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 160.0 million (125.1). 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 has defined an approved limit. Credit risks associated with financing transactions did not result in credit losses during the financial year.

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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 2015 is shown in the following table.

AGEING OF TRADE RECEIVABLES	2015	2014
Undue trade receivables	248.7	212.7
Trade receivables 1–90 days overdue	44.4	48.8
Trade receivables more than 91 days overdue	2.3	3.8
Total	295.4	265.3

In 2015, impairment loss of trade receivables amounted to EUR 2.9 million (1.2).

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 28.8 million (26.5) at 31 December 2015. The amounts recognized in the balance sheet at 31 December 2015 due to the continuing involvement are EUR 0.6 million (0.8) in assets and EUR 0.3 million (0.2) in liabilities.

LIQUIDITY AND REFINANCING RISKS

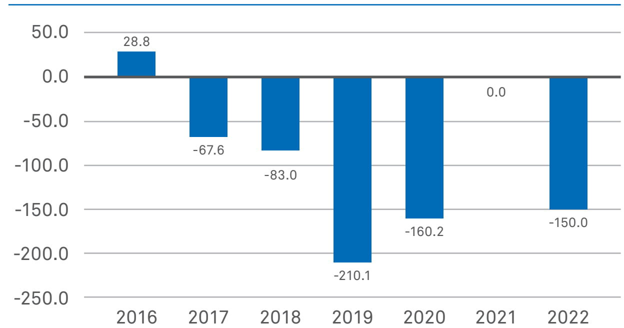
In order to secure its liquidity, the Group uses account overdrafts, money market investments and a revolving credit facility. At the end of 2015 the Group's cash and cash equivalents stood at EUR 151.5 million (119.1), of which short-term investment accounted for EUR 45.4 million (37.6) and bank deposits EUR 106.1 million (81.5).

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 2015 was 4 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 2015 there was no commercial papers outstanding on the market. Simultaneously the group had EUR 151.5 million of outstanding liquid short- and long-term investments. In addition, the Group has 5+1+1 year maturity August 29, 2020 revolving credit facility of EUR 400 million. At the turn of the year 2015/2016 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 150 million in May 2015. The seven year bond will mature in 2022 and it carries a fixed annual interest rate of 2.250 percent. In addition, Kemira signed a EUR 50 million term loan in May 2015. New loan was 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 2015 (EUR 0.53), corresponding to a dividend payout ratio of 114% (90%). Kemira dividend policy aims at paying a stable and competitive dividend.

	2015	2014
Interest-bearing liabilities	793.6	605.2
Cash and cash equivalents	151.5	119.1
Interest-bearing net liabilities	642.1	486.1
Equity	1,193.2	1,163.3
Total assets	2,595.2	2,295.7
Gearing	54%	42%
Equity ratio	46%	51%

CASH AND CASH EQUIVALENTS

	2015		2014	
	Book value	Fair value	Book value	Fair value
Cash and cash equivalents	106.1	106.1	81.5	81.5
Money market investments	45.4	45.4	37.6	37.6
Total	151.5	151.5	119.1	119.1

Money market investments are short-term.

NON-CURRENT INTEREST-BEARING LOANS AND AMORTIZATIONS OF NON-CURRENT INTEREST-BEARING LOANS

Currency

	Dec 31, 2015		Maturity					
	Fair value	Book value	2016	2017	2018	2019	2020	2021-
EUR	607.2	586.6	25.8	24.8	15.9	209.9	160.2	150.0
USD	124.9	120.5	11.5	42.2	66.8	-	-	-
Other	1.1	1.1	-	0.6	0.3	0.2	-	-
Total	733.2	708.2	37.3	67.6	83.0	210.1	160.2	150.0

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

The figures include the amortizations planned for 2016 (2015) excluding commercial papers and other current loans.

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CASH FLOW FROM ALL FINANCIAL LIABILITIES

Loan type

	Dec 31, 2015		Maturity					
	Drawn	**Undrawn**	2016	2017	2018	2019	2020	2021-
Long-term interest bearing liabilities	**354.6**	**50.0**	36.7	67.4	82.8	7.5	160.2	-
financial expenses			7.1	6.4	5.1	3.4	3.2	
Bonds [1]	**352.4**					202.4		150.0
financial expenses			8.4	8.4	8.4	8.4	5.9	3.4
Revolving credit facility	**-**	**400.0**						
financial expenses			0.8	0.8	0.8	0.8	0.6	
Finance lease liabilities	**1.2**		0.6	0.2	0.2	0.2		
financial expenses			0.1					
Commercial paper program	**-**	**600.0**						
financial expenses								
Other interest-bearing current loans	**85.4**		85.4					
financial expenses			3.0					
Interest-bearing loans total	**793.6**	**1,050.0**	142.1	83.2	97.3	222.7	169.9	153.4
Trade payables	**162.4**							
Forward contracts								
liabilities	**2.1**		2.1					
assets	**-5.2**		-5.2					
Other derivatives [2]	**12.2**		5.6	3.3	2.1	0.4	0.8	
Trade payables and derivatives total	**171.5**		2.5	3.3	2.1	0.4	0.8	0.0
Total	**965.1**	**1,050.0**	144.6	86.5	99.4	223.1	170.7	153.4
Guarantees			3.0					

	Dec 31, 2014		Maturity					
	Drawn	Undrawn	2015	2016	2017	2018	2019	2020-
Long-term interest bearing liabilities	329.5	100.0	85.5	36.8	60.5	75.5	7.5	64.6
financial expenses			7.1	5.3	4.5	3.2	1.6	1.4
Bond [1]	202.1						202.1	
financial expenses			5.0	5.0	5.0	5.0	2.5	
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	172.4	48.4	71.3	85.0	215.0	67.2
Trade payables	135.2							
Forward contracts								
liabilities	1.4		1.4					
assets	-2.9		-2.9					
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	174.8	52.0	71.7	85.2	215.1	67.4
Guarantees			3.3					

1) Includes hedge accounting adjustment of EUR 2.4 million (2.1).
2) Interest rate swaps and electricity forwards.

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29. COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS	2015	2014
Assets pledged		
On behalf of own commitments	6,1	6,0
Guarantees		
On behalf of own commitments	52,9	48,4
On behalf of others	3,0	3,3
Operating lease commitments – the Group as lessee		
Minimum lease payments under operating leases are as follows:		
No later than 1 year	37,5	31,1
Later than 1 year and no later than 5 years	89,5	74,7
Later than 5 years	95,2	87,1
Total	222,2	192,9
Other obligations		
On behalf of own commitments	1,1	1,2
On behalf of associates	0,6	0,6

THE MOST SIGNIFICANT OFF-BALANCE SHEET INVESTMENT COMMITMENTS

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2015 were about EUR 22.6 million (23.8) 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 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 presented 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 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, was 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. By its decision on April 29, 2013 it decided to suspend the case and to ask a preliminary ruling on jurisdiction from the Court of Justice of the European Union which has given its ruling on May 21, 2015. Thereafter, on request by Regional Court of Dortmund, the parties have filed their briefs on admissibility of the proceedings. In its brief responding to the said request of the court Cartel Damage Claims Hydrogen Peroxide SA has additionally waived seeking an order to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demanded from Kemira and the three other defendants jointly and severally damages an amount to be decided by the court but at least EUR 196.2 million together with accrued interest calculated from August 24, 2009 at an interest rate exceeding by 5 per cent the base rate at a time, and other interest of EUR 97.6 million. 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 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 on jurisdiction was appealed by Kemira to the court of appeal of Amsterdam. According to the decision by the court of appeal on July 21, 2015, the municipal court of Amsterdam has jurisdiction over the case. The proceedings now continue at the municipal court of Amsterdam where Kemira is the only defendant after the other defendants have settled the claim with CDC Project 13 SA . CDC Project 13 SA claims from Kemira in its brief filed to the municipal court of Amsterdam EUR 61,1 million as damages and interested calculated until December 2, 2015 from which amount CDC Project 13 SA asks the court to deduct the share of the earlier other defendants for other sales than made by them directly, and statutory interest on so defined amount starting from December 2, 2015. 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 said processes. 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.

30. 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 19.2 million (25.6). 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. At Group level, the allowances showed a net surplus of 62,349 tons in 2015 (a net surplus of 65,570 tons).

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31. 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

	Salaries and other benefits, EUR	Bonuses, EUR	Share-based payments, EUR [1]	Severance payments, EUR	2015	2014
CEO Jari Rosendal (since May 1, 2014)	559,800	109,965	-	-	**669,765**	360,000
CEO Wolfgang Büchele (until April 30, 2014)	-	-	-	-	**-**	448,261
Deputy CEO Jukka Hakkila [2]	180,955	44,287	-	-	**225,242**	219,869
Other members of management board [3]	2,006,704	513,029	-	-	**2,519,733**	3,893,458
Total	2,747,459	667,281	-	-	**3,414,740**	4,921,588

1) Share-based incentive plans for management and key personnel are disclosed in Note 5.
2) Jukka Hakkila is not a member of the management board.
3) 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 22.

CEO'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 has not a separate supplementary pension arrangement which exceeds the statutory level.

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

THE BOARD OF DIRECTORS' EMOLUMENTS

The Annual General Meeting decided on March 23, 2015, 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 will be transferred to the members of the Board of Directors within two weeks after the release of Kemira's interim report January 1 – March 31, 2015.

There are no special terms or conditions associated with owning these shares received as the annual fee. In addition, 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 meeting fees are paid in cash and travel expenses are paid according to Kemira's travel policy.

MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares	Share value, EUR	Cash compensation, EUR	2015 Total, EUR	2014 Total, EUR
Jari Paasikivi, Chairman (since March 24, 2014)	2,870	30,766	61,341	**92,107**	86,733
Kerttu Tuomas, Vice Chairman	1,758	18,846	40,053	**58,899**	54,916
Wolfgang Büchele (since March 24, 2014)	1,399	14,997	38,163	**53,160**	43,573
Winnie Fok	1,399	14,997	54,963	**69,960**	66,973
Juha Laaksonen	1,758	18,846	42,453	**61,299**	57,916
Timo Lappalainen (since March 24, 2014)	1,399	14,997	33,963	**48,960**	42,973
Jukka Viinanen, Chairman (until March 24, 2014)	-	-	-	**-**	2,400
Total	10,583	113,449	270,936	**384,385**	355,484

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

TRANSACTIONS CARRIED OUT WITH RELATED PARTIES

	2015	2014
Revenue		
Associated companies	1.7	2.2
Purchases		
Associated companies	3.2	2.9
Pension Fund Neliapila	1.1	1.1
Total	4.3	4.0
Receivables		
Associated companies	0.1	0.0
Liabilities		
Associated companies	0.3	0.2

The amount of contingent liabilities on behalf of associates are presented in Note 29.

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. Supplementary benefit in Pension Fund Neliapila are presented in more detail in Note 22.

No loans had been granted to the management at year-end of 2014 and 2015, nor were there contingency items or commitments on behalf of key management personnel. Persons close to key managment personnel have not any significant business relationship with the Group.

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CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

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32. CHANGES IN THE GROUP STRUCTURE

ACQUISITIONS OF GROUP COMPANIES AND NEW SUBSIDIARIES ESTABLISHED

- Kemira acquired Akzo Nobel Pulp and Performance Chemicals (Australia) Pty Ltd. on May 4, 2015.
- Kemira acquired Akzo Nobel Pulp and Performance Chemicals Korea Co., Ltd. on May 4, 2015.
- Kemira acquired Akzo Nobel Pulp and Performance Chemicals S.A. on May 4, 2015.
- Kemira acquired PT Akzo Nobel Pulp and Performance Chemicals on May 4, 2015.
- Kemira established a new company Kemira NewPoly Inc. in United States on December 1, 2015.

DIVESTMENTS OF GROUP COMPANIES

- FinnChem Canada, Inc. was dissolved on December 31, 2015

CHANGES IN THE HOLDINGS OF GROUP COMPANIES WITHIN THE GROUP

- Ruoholahden Kuusenkerkkä Oy was merged into Kemira Oyj on December 1, 2015.
- Kemira NewPoly, Inc. merged with and into Kemira Chemicals, Inc. on December 30, 2015.
- Chesapeake Agro-Iron, LLC merged with and into Kemira Water Solutions, Inc. on December 31, 2015.
- Clean Water Logistics, LLC merged with and into Water Elements, LLC on December 31, 2015.
- FinnChem USA Inc. merged with and into Kemira Chemicals, Inc. on December 31, 2015.
- Finnish Chemicals Corporation merged with and into Kemira Chemicals, Inc. on December 31, 2015.
- HTC Augusta Inc. mergerd with and into FinnChem USA Inc. on December 31, 2015.
- Kemira Specialty Chemicals, Inc. merged with and into Kemira Chemicals, Inc. on December 31, 2015.
- LA Water, LLC merged with and into Water Elements, LLC on December 31, 2015.
- Riverside Development Partners, LLC merged with and into Kemira Water Solutions, Inc. on December 31, 2015.
- Water Elements Las Vegas, LLC merged with and into Water Elements, LLC on December 31, 2015.
- Water Elements, LLC merged with and into Kemira Water Solutions, Inc. on December 31, 2015.

NAME CHANGES

Former name	New name
Akzo Nobel Pulp and Performance Chemicals (Australia) Pty Ltd.	Kemira Australia Pty Ltd.
Akzo Nobel Pulp and Performance Chemicals Korea Co., Ltd.	Kemira Chemicals Korea Corporation
Akzo Nobel Pulp and Performance Chemicals S.A.	Kemira Chemicals Spain S.A.
PT Akzo Nobel Pulp and Performance Chemicals	PT Kemira Chemicals Indonesia

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

33. THE GROUP'S SUBSIDIARIES

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	Kemira Group's Holding %	City	Country
Kemira Oyj (parent company)		Helsinki	Finland
Aliada Quimica de Portugal Lda.	50.10	Estarreja	Portugal
AS Kemivesi	100.00	Tallinn	Estonia
Corporación Kemira Chemicals de Venezuela, C.A.	100.00	Caracas	Venezuela
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 Australia Pty Ltd	100.00	Hallam	Australia
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 Korea Corporation	100.00	Gunsan-City	Korea
Kemira Chemicals NV	100.00	Aartselaar	Belgium
Kemira Chemicals Oy	100.00	Helsinki	Finland
Kemira Chemicals, Inc.	100.00	Atlanta, GA	United States
Kemira Chemicals Spain S.A.	100.00	Barcelona	Spain
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
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

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

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	Kemira Group's Holding %	City	Country
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 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
PT Kemira Indonesia	100.00	Jakarta	Indonesia
PT Kemira Chemicals Indonesia	99.77	Pasuruan	Indonesia
Scandinavian Tanking System A/S	100.00	Copenhagen	Denmark
CJSC “Kemira HIM”	100.00	St. Petersburg	Russia
ZAO Avers	100.00	St. Petersburg	Russia

34. 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	2015	2014
Revenue	2	**1,337,471,368.94**	1,228,093,326.36
Change in inventories of finished goods	4	**3,953,695.97**	-5,762,341.10
Other operating income	3	**11,091,484.71**	21,831,008.86
Materials and services	4	**-866,694,494.05**	-833,680,854.67
Personnel expenses	5	**-42,156,568.73**	-37,542,887.25
Depreciation, amortization and impairment	6	**-38,197,982.33**	-30,841,745.64
Other operating expenses	4	**-334,310,897.25**	-338,951,246.02
Operating profit/loss		**71,156,607.26**	3,145,260.54
Financial income and expenses	7	**104,681,255.05**	-9,335,297.22
Profit/loss before extraordinary items		**175,837,862.31**	-6,190,036.68
Extraordinary items	8	**2,850,000.00**	4,051,000.00
Profit/loss before appropriations and taxes		**178,687,862.31**	-2,139,036.68
Appropriations	6	**-614,181.05**	986,476.92
Income taxes	9	**-12,917,723.00**	-126,594.21
Net profit for the period		**165,155,958.26**	-1,279,153.97

KEMIRA OYJ BALANCE SHEET (FAS)

	Note	As at 31 December 2015	2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**100,880,994.96**	86,731,162.78
Property, plant and equipment	11	**33,434,220.14**	29,134,666.18
Investments	12		
Shares in subsidiaries		**2,083,703,472.85**	1,570,433,661.40
Other investments		**148,222,158.17**	144,105,359.93
Total investments		**2,231,925,631.02**	1,714,539,021.33
Total non-current assets		**2,366,240,846.12**	1,830,404,850.29
CURRENT ASSETS			
Inventories	13	**85,390,061.32**	77,283,674.66
Non-current receivables	14	**266,310,037.66**	182,251,103.67
Current receivables	14	**317,022,561.67**	268,922,965.41
Money market investments	15	**30,394,906.22**	22,910,617.10
Cash and cash equivalents		**63,910,883.58**	62,735,605.73
Total current assets		**763,028,450.45**	614,103,966.57
Total assets		**3,129,269,296.57**	2,444,508,816.86
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		**-4,657,093.00**	-2,963,940.82
Unrestricted equity reserve		**199,963,876.20**	199,963,876.20
Retained earnings		**319,793,483.44**	401,541,863.82
Net profit/ loss for the financial year		**165,155,958.26**	-1,279,153.97
Total equity		**1,159,895,684.53**	1,076,902,104.86
Appropriations	17	**9,596,116.27**	8,981,935.22
Obligatory provisions	18	**19,484,405.66**	19,907,801.98
LIABILITIES			
Non-current liabilities	19	**601,111,567.30**	382,904,000.19
Current liabilities	20	**1,339,181,522.81**	955,812,974.61
Total liabilities		**1,940,293,090.11**	1,338,716,974.80
Total equity and liabilities		**3,129,269,296.57**	2,444,508,816.86

KEMIRA OYJ CASH FLOW STATEMENT (FAS)

	Year ended 31 December	
	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	**165,155,958.26**	-1,279,153.97
Adjustments for		
Depreciation, amortization and impairment	**38,197,982.33**	30,841,745.64
Income taxes	**12,917,723.00**	126,594.21
Finance expenses, net	**-104,681,255.05**	9,335,297.22
Other non-cash items and expenses not involving cash flow	**14,182,127.73**	6,996,582.31
Operating profit before change in working capital	**125,772,536.27**	46,021,065.41
Change in working capital		
Increase (–) / decrease (+) in inventories	**-8,106,386.66**	1,989,868.40
Increase (–) / decrease (+) in trade and other receivables	**-47,042,548.95**	51,817,307.75
Increase (+) / decrease (–) in trade payables and other liabilities	**30,052,413.06**	-13,931,611.93
Change in working capital	**-25,096,522.55**	39,875,564.22
Cash generated from operations before financing itmes and taxes	**100,676,013.72**	85,896,629.63
Interest and other finance cost paid	**-40,242,953.02**	-106,779,623.70
Interest and other finance income received	**9,138,670.92**	9,156,578.72
Realized exchange gains and losses	**-5,553,184.83**	-12,148,327.45
Dividends received	**134,536,455.90**	9,167,120.63
Income taxes paid	**-1,141,217.06**	-1,725,829.42
Net cash generated from operating activities	**197,413,785.63**	-16,433,451.59
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisitions of subsidiaries and increases in subsidiaries	**-534,837,144.91**	-50,979,300.74
Acquisitions of associated companies, and other shares	**-4,224,953.64**	-4,285,008.00
Purchases of intangible assets	**-45,749,471.95**	-14,305,205.12
Purchases of property, plant and equipment	**-10,927,742.35**	-7,111,776.69
Proceeds from sale of subsidiaries and other shares	**134,852.81**	2,665,906.06
Proceeds from sale of other plant, property and equipment and intangible assets	**3,148.42**	1,211,546.01
Change in loan receivables, net increase (–) / decrease (+)	**-84,058,933.99**	-25,054,205.27
Net cash used in investing activities	**-679,660,245.61**	-97,858,043.75
Cash flow before financing	**-482,246,459.98**	-114,291,495.34
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current interest-bearing liabilities (+)	**250,000,000.00**	245,000,000.00
Repayment from non-current interest-bearing liabilities (–)	**-31,792,432.89**	-152,226,674.04
Short-term financing, net increase (+) / decrease (–)	**353,737,864.80**	64,332,289.87
Dividends paid	**-80,587,227.16**	-80,582,022.03
Received group contribution	**4,051,000.00**	10,760,000.00
Net cash used in financing activities	**495,409,204.75**	87,283,593.80
Net increase (+) / decrease (–) in cash and cash equivalents	**13,162,744.77**	-27,007,901.54
Cash and cash equivalents at 31 Dec	**94,305,789.80**	85,646,222.83
Exchange gains (+) / losses (–) on cash and cash equivalents	**-4,503,177.80**	-5,046,364.03
Cash and cash equivalents at 1 Jan	**85,646,222.83**	117,700,488.40
Net increase (+) / decrease (–) in cash and cash equivalents	**13,162,744.77**	-27,007,901.54

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 PLANS

The treatment of share-based plans 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.

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

	2015	2014
Revenue by segments		
Pulp & Paper	722,951,092.02	635,917,855.37
Oil & Mining	107,914,648.61	101,702,779.83
Municipal & Industrial	282,421,395.13	271,233,546.59
ChemSolutions	0.00	23,945,813.24
Intercompany revenue	224,184,233.18	195,293,331.33
Total	1,337,471,368.94	1,228,093,326.36
Distribution of revenue by geographical areas as a percentage of total revenue		
Finland, domicile of the parent company	29	30
Other Europe, Middle East and Africa	60	59
Americas	5	6
Asia Pacific	6	5
Total	100	100

3. OTHER OPERATING INCOME

	2015	2014
Gain on the sale of property, plant and equipment	3,148.42	1,211,546.01
Gain on the sale of shares	134,852.81	2,920,101.65
Rent income	1,184,262.09	922,592.75
Intercompany service charges	7,701,641.29	7,212,890.98
Other income from operations	2,067,580.10	9,563,877.47
Total	11,091,484.71	21,831,008.86

4. COSTS

	2015	2014
Change in inventories of finished goods	-3,953,695.97	5,762,341.10
Materials and services		
Materials and supplies		
Purchases during the financial year	857,805,105.99	827,383,214.87
Change in inventories of materials and supplies	-702,429.06	-2,374,453.15
External services	9,591,817.12	8,672,092.95
Total materials and services	866,694,494.05	833,680,854.67
Personnel expenses	42,156,568.73	37,542,887.25
Other operating expenses		
Rents	5,970,972.97	7,739,388.14
Intercompany tolling manufacturing charges	179,054,783.95	169,843,770.73
Intercompany service charges and royalties	90,562,331.91	82,930,098.01
Other expenses	58,722,808.42	78,437,989.14
Total other operating expenses	334,310,897.25	338,951,246.02
Total costs	1,239,208,264.06	1,215,937,329.04

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In 2015, the costs included a net decrease in obligatory provisions of EUR -0.4 million (personnel expenses EUR -0.7 million, rents EUR -0.4 million and other expenses EUR +0.7 million), and 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).

DELOITTE & TOUCHE OY'S FEES AND SERVICES

	2015	2014
Audit fees	415,000.00	521,196.81
Tax services	50,000.00	0.00
Other services [1]	445,000.00	2,197,120.22

1) In 2015, other services include fees related mainly to the AkzoNobel's global paper chemicals business acquisition. 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. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2015	2014
Emoluments of the Board of Directors, the CEOs and his deputy [1]	1,279,391.34	1,383,613.83
Other wages and salaries	32,508,815.66	29,450,475.85
Pension expenses	6,324,848.06	5,726,009.18
Other personnel expenses	2,043,513.67	982,788.39
Total	42,156,568.73	37,542,887.25

1) The emolument of Kemira Oyj's CEO was EUR 669,765 (808,261) including bonuses of EUR 109,965 (157,039). The emolument of Kemira Oyj's deputy CEO was EUR 225,242 (219,869) including bonuses of EUR 44,287 (41,059).

Other transactions between related parties are presented in Note 31 in the notes to the Consolidated Financial Statements.

	2015	2014
Personnel at 31 Dec		
Pulp & Paper	83	81
Oil & Mining	5	4
Municipal & Industrial	28	27
Other, of which	371	341
R&D and Technology	173	155
Total	487	453
Personnel, average	483	477

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	2015	2014
Depreciation according to plan and impairments		
Intangible assets		
Intangible rights	10,452,379.69	4,834,291.44
Other intangible assets	21,147,260.08	20,713,359.50
Tangible assets		
Buildings and constructions	346,416.22	362,066.25
Machinery and equipment	6,232,973.18	4,914,283.63
Other property, plant and equipment	18,953.16	17,744.82
Total	38,197,982.33	30,841,745.64
Change in difference between scheduled and actual depreciation (+ increase / – decrease)		
Intangible rights	907,451.08	-458,705.93
Other intangible assets	588,848.12	-149,716.43
Buildings and constructions	-147,774.12	19,287.23
Machinery and equipment	-735,433.53	-393,164.36
Other property, plant and equipment	1,089.50	-4,177.43
Total	614,181.05	-986,476.92

7. FINANCE INCOME AND EXPENSES

	2015	2014
Dividend income		
From the Group companies	134,501,680.90	8,991,145.63
From others	34,775.00	175,975.00
Total	134,536,455.90	9,167,120.63
Interest income		
From the Group companies	11,071,308.86	9,681,422.78
From others	765,614.19	3,146,732.00
Total	11,836,923.05	12,828,154.78
Interest expenses		
To the Group companies	-696,132.31	-1,912,944.65
To others	-18,333,242.85	-17,699,696.98
Total	-19,029,375.16	-19,612,641.63
Other finance income		
From the Group companies	894,798.55	378,553.58
Total	894,798.55	378,553.58
Other finance expenses		
From the Group companies [1)]	-16,579,854.88	-2,417,546.00
From others	-8,397,520.47	-7,284,274.00
Total	-24,977,375.35	-9,701,820.00
Exchange gains and losses		
From the Group companies	3,277,812.55	36,587,523.39
From others	-1,857,984.49	-38,982,187.97
Total	1,419,828.06	-2,394,664.58
Total finance income and expenses	104,681,255.05	-9,335,297.22
Exchange gains and losses		
Realized	-5,553,184.83	-12,148,327.45
Unrealized	6,973,012.89	9,753,662.87
Total	1,419,828.06	-2,394,664.58

1) In 2015, other finance expenses from the Group companies include impairment of subsidiary shares of EUR 16.6 million (2.4).

8. EXTRAORDINARY ITEMS

	2015	2014
Extraordinary income		
Group contributions received	2,850,000.00	4,051,000.00
Total	2,850,000.00	4,051,000.00
Total extraordinary income and expenses	2,850,000.00	4,051,000.00

9. INCOME TAXES

	2015	2014
(income +, expense –)		
Income taxes, current year	-1,271,420.66	0.00
Income taxes, previous years	300,000.00	163,500.00
Deferred taxes	-9,170,081.91	42,433.63
Other taxes	-2,776,220.43	-332,527.84
Total	-12,917,723.00	-126,594.21

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10. INTANGIBLE ASSETS

2015	Intangible rights	Goodwill	Prepayments and non-current assets under constructions	Other intangible assets	Total
Acquisition cost at 1 Jan	44,049,063.67	6,181,419.27	9,815,011.73	185,832,090.74	**245,877,585.41**
Additions	30,715,935.10		7,029,411.36	8,004,125.49	**45,749,471.95**
Decreases	-4,553,037.42			-11,648,493.50	**-16,201,530.92**
Transfers	2,546,066.93		-4,348,277.01	1,802,210.08	**0.00**
Acquisition cost at 31 Dec	72,758,028.28	6,181,419.27	12,496,146.08	183,989,932.81	**275,425,526.44**
Accumulated amortization at 1 Jan	-20,395,988.34	-6,181,419.27	0.00	-132,569,015.02	**-159,146,422.63**
Accumulated amortization relating to decreases and transfers	4,553,037.42			11,648,493.50	**16,201,530.92**
Amortization and impairment during the financial year	-10,452,379.69			-21,147,260.08	**-31,599,639.77**
Accumulated amortization at 31 Dec	-26,295,330.61	-6,181,419.27	0.00	-142,067,781.60	**-174,544,531.48**
Net book value at 31 Dec	**46,462,697.67**	**0.00**	**12,496,146.08**	**41,922,151.21**	**100,880,994.96**

2014	Intangible rights	Goodwill	Prepayments and non-current assets under constructions	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

11. PROPERTY, PLANT AND EQUIPMENT

2015	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	1,179,973.51	17,051,549.47	91,824,049.57	567,573.82	5,122,363.77	**115,745,510.14**
Additions		6,652.37	5,917,852.48		5,001,901.24	**10,926,406.09**
Decreases	-4,491.32	-1,841.67	-1,145,032.09	-14,500.00		**-1,165,865.08**
Transfers		51,152.35	2,337,761.89		-2,388,914.24	**0.00**
Acquisition cost at 31 Dec	1,175,482.19	17,107,512.52	98,934,631.85	553,073.82	7,735,350.77	**125,506,051.15**
Accumulated depreciation at 1 Jan	0.00	-12,812,088.63	-73,336,030.88	-462,724.45	0.00	**-86,610,843.96**
Accumulated depreciation relating to decreases and transfers		1,841.67	1,121,013.84	14,500.00		**1,137,355.51**
Depreciation and impairment during the financial year		-346,416.22	-6,232,973.18	-18,953.16		**-6,598,342.56**
Accumulated depreciation at 31 Dec	0.00	-13,156,663.18	-78,447,990.22	-467,177.61	0.00	**-92,071,831.01**
Net book value at 31 Dec	**1,175,482.19**	**3,950,849.34**	**20,486,641.63**	**85,896.21**	**7,735,350.77**	**33,434,220.14**

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

Note

12. INVESTMENTS

2015	Shares in subsidiaries	Other shares and holdings	Total
Net book value at 1 Jan	1,570,433,661.40	144,105,359.93	**1,714,539,021.33**
Additions	534,837,144.91	4,224,953.64	**539,062,098.55**
Decreases and transfers	-4,987,478.58		**-4,987,478.58**
Impairments	-16,579,854.88	-108,155.40	**-16,688,010.28**
Net book value at 31 Dec	**2,083,703,472.85**	**148,222,158.17**	**2,231,925,631.02**

2014	Shares in subsidiaries	Other shares and holdings	Total
Net book value at 1 Jan	1,521,871,906.66	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	144,105,359.93	1,714,539,021.33

13. INVENTORIES

	2015	2014
Raw materials and supplies	**23,270,745.27**	22,568,316.21
Finished goods	**54,616,801.52**	50,663,105.55
Prepayments	**7,502,514.53**	4,052,252.90
Total	**85,390,061.32**	77,283,674.66

14. RECEIVABLES

	2015	2014
Non-current receivables		
Interest-bearing non-current receivables		
Loan receivables		
Loan receivables from the Group companies	254,707,458.08	159,607,421.47
Other non-current investments	0.00	2,294,308.65
Total interest-bearing non-current receivables	254,707,458.08	161,901,730.12
Interest-free non-current receivables		
Deferred tax assets	11,602,579.58	20,349,373.55
Total interest-free non-current receivables	11,602,579.58	20,349,373.55
Total non-current receivables	266,310,037.66	182,251,103.67
Current receivables		
Interest-bearing current receivables		
Loan receivables from the Group companies	69,631,225.71	65,942,296.74
Total interest-bearing current receivables	69,631,225.71	65,942,296.74
Interest-free current receivables		
Advances paid		
To the Group companies	18,836,395.50	18,240,121.02
Total	18,836,395.50	18,240,121.02
Trade receivables		
From the Group companies	53,656,850.36	32,169,987.28
From others	133,153,754.73	116,488,277.14
Total	186,810,605.09	148,658,264.42
Accrued income		
From the Group companies	6,324,773.43	7,560,921.40
From others	21,691,409.18	15,607,117.91
Total	28,016,182.61	23,168,039.31
Other short-term interest-free receivables		
From the Group companies	266,006.46	-2,363.13
From others	13,462,146.30	12,916,607.05
Total	13,728,152.76	12,914,243.92
Total interest-free current receivables	247,391,335.96	202,980,668.67
Total current receivables	317,022,561.67	268,922,965.41
Total receivables	583,332,599.33	451,174,069.08

	2015	2014
Accrued income		
Interests	6,779,178.07	6,096,199.24
Taxes	16,780.32	1,351,783.69
Exchange differences	7,082,391.10	4,172,319.25
The Group contributions	2,850,000.00	4,051,000.00
Other	11,287,833.12	7,496,737.13
Total	28,016,182.61	23,168,039.31

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15. MONEY-MARKET INVESTMENTS

	2015	2014
Money-market investments		
Book value	30,394,906.22	22,910,617.10
Fair value	30,394,906.22	22,910,617.10
Difference	0.00	0.00

Money-market investments include company's short-term investments.

16. EQUITY

	2015	2014
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	-2,963,940.82	-5,079,068.12
Fair value reserve at 31 Dec	-4,657,093.00	-2,963,940.82
Total restricted equity at 31 Dec	474,982,366.63	476,675,518.81
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)	400,262,709.85	482,015,069.17
Net profit for the period	165,155,958.26	-1,279,153.97
Dividends paid	-80,587,227.16	-80,582,022.03
Share-based incentive plan		
Shares given	118,000.75	108,816.68
Retained earnings and net profit for the period ending at 31 Dec	484,949,441.70	400,262,709.85
Total unrestricted equity at 31 Dec	684,913,317.90	600,226,586.05
Total equity at 31 Dec	1,159,895,684.53	1,076,902,104.86
Total distributable funds at 31 Dec	684,913,317.90	600,226,586.05

1) The company owns 3,280,602 treasury shares, the acquisition value of which totals EUR 22,082,955.54.

Change in treasury shares	EUR	Number of shares
Acquisition value / number at Jan 1, 2015	22,154,179.13	3,291,185
Change	-71,223.59	-10,583
Acquisition value / number at Dec 31, 2015	22,082,955.54	3,280,602

17. APPROPRIATIONS

	2015	2014
Appropriations		
Appropriations in the property, plant and equipment by asset classes are as follows:		
Buildings and constructions	**961,942.89**	1,109,717.01
Machinery and equipment	**3,691,091.79**	4,426,525.32
Other property, plant and equipment	**32,895.90**	31,806.40
Intangible rights	**510,165.92**	-397,285.16
Other intangible assets	**4,400,019.77**	3,811,171.65
Total	**9,596,116.27**	8,981,935.22
Change in appropriations		
Appropriations at 1 Jan	**8,981,935.22**	11,319,859.13
Business transfers	**0.00**	-1,351,446.99
Change in untaxed reserves in income statement	**614,181.05**	-986,476.92
Appropriations at 31 Dec	**9,596,116.27**	8,981,935.22

On December 31, 2015, deferred tax liabilities on accumulated appropriations were EUR 1.9 million (1.8).

18. OBLIGATORY PROVISIONS

	2015	2014
Non-current provisions		
Pension provisions	**6,223,992.00**	6,187,127.00
Other obligatory provisions		
Environmental provisions	**10,032,827.51**	10,473,637.24
Restructuring provisions	**654,761.20**	1,109,513.20
Total other obligatory provisions	**10,687,588.71**	11,583,150.44
Total non-current provisions	**16,911,580.71**	17,770,277.44
Current provisions		
Other obligatory provisions		
Personnel related provisions	**1,018,072.95**	1,682,772.54
Restructuring provisions	**1,554,752.00**	454,752.00
Total current provisions	**2,572,824.95**	2,137,524.54
Total provisions	**19,484,405.66**	19,907,801.98
Change in obligatory provisions		
Obligatory provisions at 1 Jan	**19,907,801.98**	26,006,246.27
Decrease of provisions during the year	**-3,634,335.32**	-4,137,610.84
Provisions reversed during the year	**-599,061.00**	-2,060,833.45
Increase during financial year	**3,810,000.00**	100,000.00
Obligatory provisions at 31 Dec	**19,484,405.66**	19,907,801.98

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19. NON-CURRENT INTEREST-BEARING LIABILITIES

	2015	2014
Loans from financial institutions	**229,688,199.30**	161,480,632.19
Other non-current liabilities	**371,423,368.00**	221,423,368.00
Total	**601,111,567.30**	382,904,000.19
Long-term interest-bearing liabilities maturing in		
2017 (2016)	**35,524,028.48**	32,740,584.95
2018 (2017)	**26,610,139.60**	32,740,584.95
2019 (2018)	**209,900,000.00**	23,826,696.07
2020 (2019) or later	**329,077,399.22**	293,596,134.22
Total	**601,111,567.30**	382,904,000.19
Interest-bearing liabilities maturing in 5 years or more		
Loans from financial institutions	**157,654,031.22**	62,272,766.22
Other non-current liabilities	**171,423,368.00**	231,323,368.00
Total	**329,077,399.22**	293,596,134.22

Other non-current liabilities include EUR 200 million bond, which matures on May 27, 2019 and EUR 150 million bond, which matures on May 13, 2022.

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20. CURRENT LIABILITIES

	2015	2014
Interest-bearing current liabilities		
Loans from financial institutions	35,626,179.89	84,415,495.01
Other interest-bearing current liabilities		
To the Group companies	1,070,240,243.20	663,613,458.90
To others	19,192,135.35	28,748,687.54
Total interest-bearing current liabilities	1,125,058,558.44	776,777,641.45
Interest-free current liabilities		
Prepayments received		
From the Group companies	136,764.13	136,764.13
From others	1,153,676.10	2,032,541.64
Total	1,290,440.23	2,169,305.77
Trade payables		
To the Group companies	60,861,950.95	45,289,257.81
To others	69,855,984.68	60,613,842.32
Total	130,717,935.63	105,903,100.13
Accrued expenses		
To the Group companies	4,512,263.86	5,452,509.31
To others	69,706,311.25	57,736,220.20
Total	74,218,575.11	63,188,729.51
Total other interest-free liabilities	7,896,013.40	7,774,197.75
Total interest-free current liabilities	214,122,964.37	179,035,333.16
Total current liabilities	1,339,181,522.81	955,812,974.61
Accrued expenses		
Salaries	11,452,788.92	5,806,658.44
Interests and exchange differences	19,710,404.59	15,946,607.10
Other	43,055,381.60	41,435,463.97
Total	74,218,575.11	63,188,729.51

21. COLLATERAL AND CONTINGENT LIABILITIES

	2015	2014
Guarantees		
On behalf of the Group companies		
For loans	388,809,015.00	284,877,246.00
For other obligations	52,920,895.00	48,391,309.00
On behalf of others	2,558,342.00	2,838,864.00
Total	444,288,252.00	336,107,419.00
Leasing liabilities		
Maturity within one year	4,699,217.00	4,917,200.00
Maturity after one year	17,215,651.00	16,686,243.00
Total	21,914,868.00	21,603,443.00

Environmental risks and liabilities are disclosed in Note 30 in the Notes to the Consolidated Financial Statements.

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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 Chemicals Korea Corporation	100.00	100.00
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	74.80

SHARES AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

On December 31, 2015, 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 2015, Kemira Oyj had 32,601 registered shareholders (33,164). Foreign shareholding of Kemira Oyj shares increased 13% during the year and was 21.4% of the shares (18.9%), including nominee-registered holdings. Households owned 16.1% of the shares (16.1%). At year-end, Kemira held 3,280,602 treasury shares (3,291,185), 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 Helsinki. The trading code for the shares is KRA1V and the ISIN code is FI0009004824.

Kemira Oyj's share closed at EUR 10.88 at the Nasdaq Helsinki at the end of 2015 (9.89). The share price increased 10% during the year while Helsinki Cap index increased 11%. STOXX Chemicals (Europe), chemical sector benchmark index for Kemira increased 2% in 2015 (5%). Shares registered a high of EUR 12.27 (12.27) and a low of EUR 9.14 (9.11). The average share price of Kemira remained almost the same and was EUR 10.86 (10.87).

Kemira's market capitalization, excluding treasury shares, was EUR 1,654 million at the end of the year 2015 (1,504).

In 2015, Kemira Oyj's share trading volume on Nasdaq Helsinki was 75 million (75) shares. Share turnover value increased 1% and was EUR 814.7 million (809.6). The average daily trading volume was 298,313 (300,072) shares.

In addition to Nasdaq Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at BATS Chi-X and Turquoise. The total value of Kemira Oyj's share trading in 2015 was EUR 112 million (106), of which 33% (30%) was executed on other trading facilities than on Nasdaq Helsinki. Source: Kemira.com.

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's dividend policy aims to pay 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 2015, accounting for a dividend payout of 84% (84%) of the operative net profit. The Annual General Meeting will be held on March 21, 2016. The dividend ex-date is March 22, 2016, dividend record date March 23, 2016, and payment date April 6, 2016.

In 2015, a dividend of EUR 0.53 per share was paid for the financial year that ended December 31, 2014. The dividend record date was March 25, 2015, and the payment (EUR 81 million in total) date April 1, 2015.

BOARD AUTHORIZATIONS

The Annual General Meeting on March 23, 2015 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 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, 2015.

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, 2016. 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 406,691 (338,252) Kemira Oyj shares on December 31, 2015, or 0.26% (0.22%) 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, 2015. Board members are not covered by the share-based incentive plan. Members of the Management Board, excluding the President and CEO and his Deputy, held a total of 32,089 shares on December 31, 2015 (103,590), representing 0.02% (0.07%) 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 on Kemira's website at www.kemira.com/investors.

LARGEST SHAREHOLDERS DECEMBER 31, 2015

	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	4,800,451	3.1
5	Nordea funds	3,446,661	2.2
6	The State Pension Fund	1,190,000	0.8
7	Danske Invest Funds	1,152,678	0.7
8	Mandatum Life	1,142,412	0.7
9	Skagen Vekst Verdipapierfond	910,000	0.6
10	Etola Erkki Olavi	800,000	0.5
11	Etera Mutual Pension Insurance Company	609,331	0.4
12	Veritas Pension Insurance Company Ltd.	579,245	0.4
13	Säästöpankki Funds	511,418	0.3
14	Aktia Funds	470,000	0.3
15	Pohjola Funds Managment	467,185	0.3
	Kemira Oyj	3,280,602	2.1
	Nominee-registered and foreign shareholders	33,212,496	21.4
	Others, total	40,430,938	26.0
	Total	**155,342,557**	**100.0**

SHAREHOLDING BY NUMBER OF SHARES HELD DECEMBER 31, 2015

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	7,223	22.2	446,743	0.3
101–500	14,087	43.2	3,845,194	2.5
501–1,000	5,298	16.3	4,022,575	2.6
1,001–5,000	4,994	15.3	10,322,319	6.6
5,001–10,000	517	1.6	3,741,811	2.4
10,001–50,000	361	1.1	7,047,652	4.5
50,001–100,000	41	0.1	3,026,406	2.0
100,001–500,000	62	0.2	13,220,894	8.5
500,001–1,000,000	7	0.0	5,288,880	3.4
1,000,001–	11	0.0	104,380,083	67.2
Total	**32,601**	**100.0**	**155,342,557**	**100.0**

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING FOR THE DISTRIBUTION OF DISTRIBUTABLE FUNDS AND SIGNING OF THE FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REVIEW

On December 31, 2015, Kemira Oyj's distributable funds totaled EUR 684,913,318 of which net profit for the period accounted for EUR 165,155,958.

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 80,592,836.
- Retaining EUR 604,320,482 under unrestricted equity.

Helsinki, February 10, 2016

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 Board of Directors Review, and the administration of Kemira Oyj for the financial period 1.1.–31.12.2015. 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 CEO

The Board of Directors and the 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 Board of Directors Review that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the Board of Directors Review in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the 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 Board of Directors Review 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 Board of Directors Review are free from material misstatement, and whether the members of the Board of Directors of the parent company and the 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 Board of Directors Review. 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 the Board of Directors Review 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 Board of Directors Review.

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 BOARD OF DIRECTORS REVIEW

In our opinion, the financial statements and the Board of Directors Review 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 Board of Directors Review in Finland. The information in the Board of Directors Review 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 CEO should be discharged from liability for the financial period audited by us.

Helsinki, 10 February 2016

Deloitte & Touche Oy
Authorized Public Audit Firm

Jukka Vattulainen
Authorized Public Accountant

Quarterly Earnings Performance (EUR million)

QUARTERLY EARNINGS PERFORMANCE

(The figures are unaudited)

	2015					2014				
	1–3	4–6	7–9	10–12	Total	1–3	4–6	7–9	10–12	Total
Revenue										
Pulp & Paper [1]	314.6	351.3	379.1	372.3	1,417.3	280.4	282.0	300.6	307.0	1,170.0
Oil & Mining	93.9	89.7	90.1	76.4	350.1	92.0	97.6	95.9	96.7	382.2
Municipal & Industrial	144.5	153.8	155.9	151.5	605.7	137.7	138.6	145.0	143.4	564.7
ChemSolutions [1]	-	-	-	-	-	19.8	-	-	-	19.8
Total	553.0	594.8	625.1	600.2	2,373.1	529.9	518.2	541.5	547.1	2,136.7
EBITDA										
Pulp & Paper [1]	35.0	34.4	44.9	42.8	157.1	30.7	7.5	34.0	37.7	109.9
Oil & Mining	11.0	9.5	7.0	3.3	30.8	8.9	11.2	11.7	14.4	46.2
Municipal & Industrial	19.2	22.2	22.9	11.6	75.9	2.6	16.1	21.5	21.1	61.3
ChemSolutions [1]	-	-	-	-	-	35.5	-	-	-	35.5
Total	65.2	66.1	74.8	57.7	263.8	77.7	34.8	67.2	73.2	252.9
EBIT										
Pulp & Paper [1]	19.6	16.2	25.2	21.6	82.6	19.4	-5.1	20.9	22.4	57.6
Oil & Mining	5.7	2.4	1.3	-6.5	2.9	4.5	6.7	7.2	9.3	27.7
Municipal & Industrial	12.5	15.7	16.2	2.7	47.1	-5.2	8.4	14.8	13.7	31.7
ChemSolutions [1]	-	-	-	-	-	35.6	-	-	-	35.6
Total	37.8	34.3	42.7	17.8	132.6	54.3	10.0	42.9	45.4	152.6
Finance costs, net	-7.5	-9.3	-8.2	-5.8	-30.8	-5.3	-8.5	-6.6	-10.3	-30.7
Share of profit or loss of associates	0.2	0.1	0.0	0.0	0.3	0.0	0.0	0.0	0.2	0.2
Profit before tax	30.5	25.1	34.5	12.0	102.1	49.0	1.5	36.3	35.3	122.1
Income taxes	-4.1	-5.8	-7.4	-7.6	-24.9	-5.9	0.3	-9.3	-11.4	-26.3
Net profit for the period	26.4	19.3	27.1	4.4	77.2	43.1	1.8	27.0	23.9	95.8
Net profit attributable to:										
Equity owners of the parent	25.0	17.6	25.5	2.9	71.0	41.9	0.2	25.3	22.5	89.9
Non-controlling interests	1.4	1.7	1.6	1.5	6.2	1.2	1.6	1.7	1.4	5.9
Net profit for the period	26.4	19.3	27.1	4.4	77.2	43.1	1.8	27.0	23.9	95.8
Earning per share, basic, EUR	0.16	0.12	0.17	0.02	0.47	0.28	0.00	0.16	0.15	0.59
Earning per share, diluted, EUR	0.16	0.12	0.17	0.02	0.47	0.28	0.00	0.16	0.15	0.59
Capital employed, rolling					1,659.5					1,427.7
Return on capital employed (ROCE), %					8.0%					10.7%

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 Pulp & Paper segment and ChemSolutions segment was discontinued as of the beginning of Q2 2014.

INFORMATION FOR INVESTORS

FINANCIAL REPORTS IN 2016

Kemira will publish three interim reports in 2016.
April 26, 2016: Interim report for January–March
July 21, 2016: Interim report for January–June
October 25, 2016: 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 e-mail 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 Helsinki. Kemira Oyj complies with the laws of Finland and the regulations of Nasdaq Helsinki and Finland's Financial Supervisory Authority.

SILENT PERIOD

Kemira observes a 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 21, 2016 at 1.00 p.m. in Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland. A shareholder who on the record date of the Annual General Meeting, March 9, 2016, 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 25, 2016 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 2016.

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 88.

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.

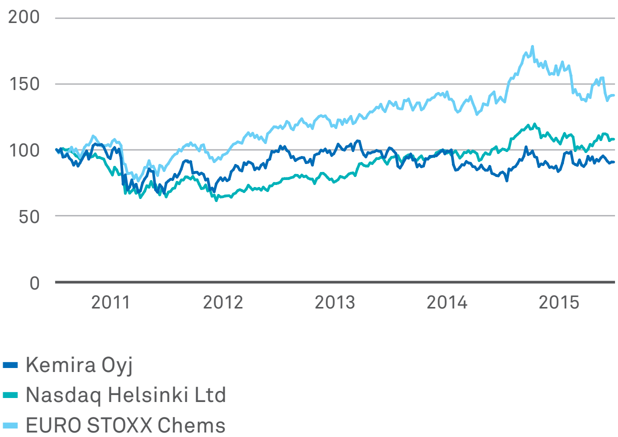
INVESTOR RELATIONS

Olli Turunen, Vice President, Investor Relations
tel. +358 10 862 1255
e-mail: olli.turunen@kemira.com

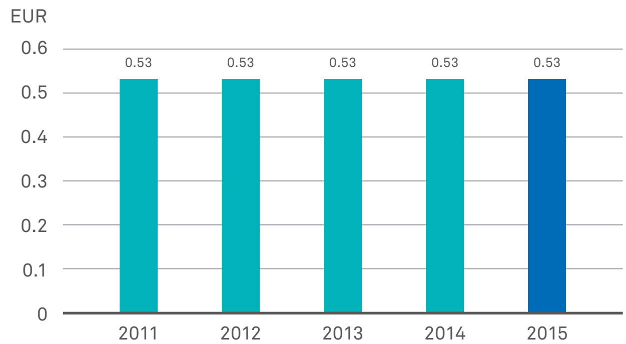
BASIC SHARE INFORMATION

Listed on: Nasdaq Helsinki Ltd
Trading code: KRA1V
ISIN code: FI0009004824
Industry group: Materials
Industry: Chemicals
Number of shares on December 31, 2015: 155,342,557
Listing date: November 10, 1994

SHARE PRICE 2011–2015

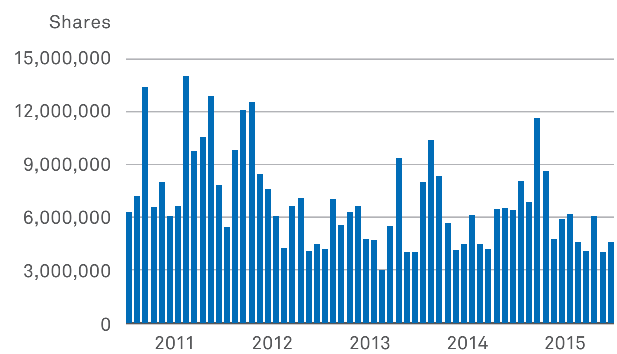


DIVIDEND PER SHARE [1)]

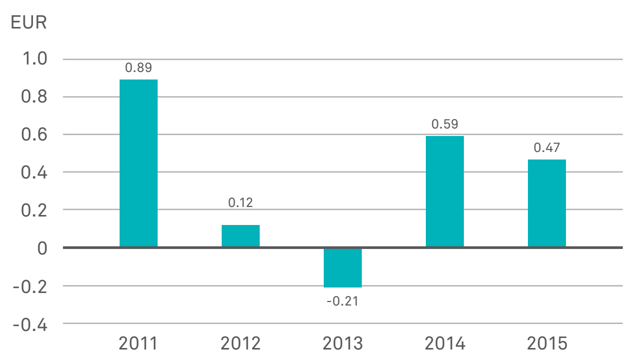


1) The dividend for 2015 is the Board of Director's proposal to the Annual General Meeting.

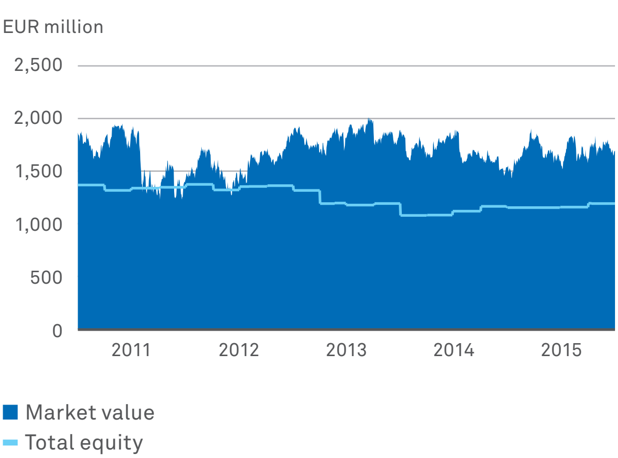
MONTHLY TRADING VOLUME ON NASDAQ HELSINKI 2011–2015



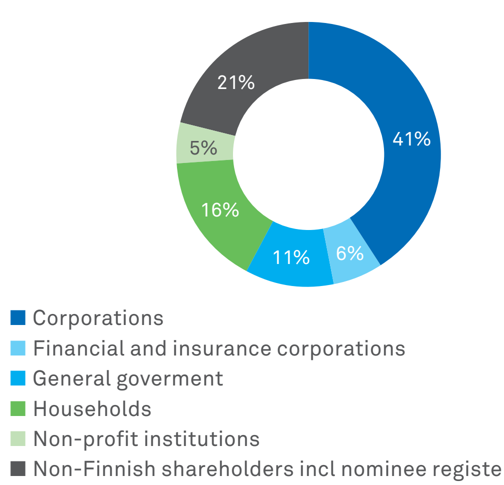
EARNINGS PER SHARE



MARKET VALUE AND EQUITY 2011–2015



OWNERSHIP DECEMBER 31, 2015



SEGMENT HIGHLIGHTS

P&P

PULP & PAPER

60% of Group's revenue

- Operative EBITDA margin improved sequentially throughout the year.
- Integration of acquisitions well on track.
- Efficiency measures continued, one site closed in Soave, Italy.
- Growth in APAC through ramp-up in Nanjing, China, and new Total Chemistry Management (TCM) deals.
- Strong market for pulp chemicals continues; a new site in Brazil will start in the first half of 2016, and capacity increases are planned in the Nordics.

O&M

OIL & MINING

15% of Group's revenue

- Strict cost management to counteract very difficult market conditions in shale fracking, one site closed in Longview, US.
- Growth in Mining in 2015 partly offset decline in segment's revenue.
- CEOR projects moving forward.
- Oil Sands in Canada another growth opportunity.

M&I

MUNICIPAL & INDUSTRIAL

25% of Group's revenue

- Revenue and operative EBITDA increased.
- Restructuring done in 2012–2014 pays off.
- Efficiency improvements continued, one site closed in Zaramillo, Spain.
- Solid cash flow generation and strong ROCE.

Kemira
Where water
meets chemistry™

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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.

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