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Annual Report 2023

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Contents

The Kemira Annual Report 2023 consists of four modules: **Annual Review 2023**, **Sustainability Report 2023**, **Corporate Governance 2023**, and **Financial Statements 2023**. This interactive PDF version of the Annual Report has been enhanced with linked navigation to help you find the information you want more quickly. The table of contents, page references and URLs link to pages and sections within this document as well as to outside websites.

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.

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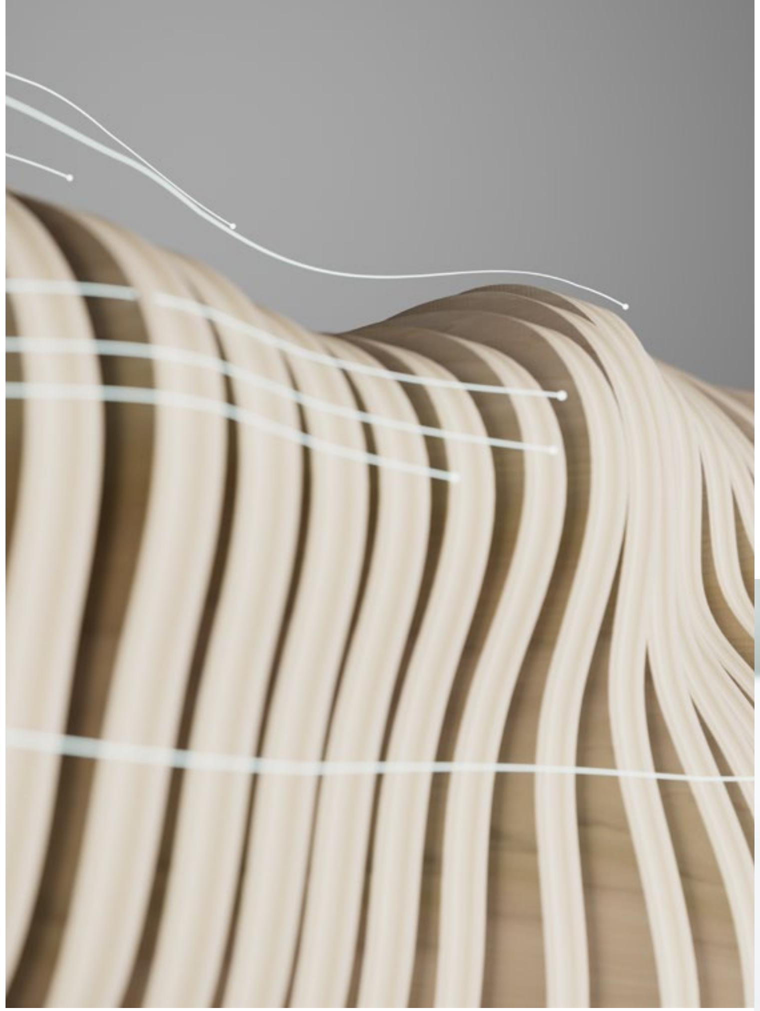

Annual Review 2023

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Everything We Do Starts with Chemistry with a Purpose

Chemistry is everywhere, intertwined with our daily lives. It's the science behind countless essential products and processes, from the water we drink to the packaging we use for food. With over 100 years of experience, we collaborate with municipal water utilities, pulp, paper, board and tissue producers, and companies in the energy sector to deliver visible results through our invisible enabler – the chemistry expertise of our 5,000 employees.

Kemira has a long and proud heritage. Our unique expertise in chemistry - accumulated throughout our history, combined with digital services - is helping to answer some of the world's biggest challenges, particularly related to water scarcity, and the use of natural resources.

Together with our partners and customers, we aim to enhance the well-being of individuals, support thriving businesses, and safeguard the environment and our most precious natural resources. We believe that chemistry, when responsibly applied, holds the key to achieving these goals. Kemira exists to make this belief a reality.

Welcome to Kemira's 2023 Annual Review, where you can find out exactly how we are applying Chemistry with Purpose to make our world better every day.

Kemira

Interim CEO Review

Petri Castrén:

How do you look back on the year 2023?

As I reflect on 2023, our journey has been one of resilience and agility in a dynamic global market. Our financial results speak volumes about Kemira's robust business model and our excellent team. Both our employee engagement and our customer satisfaction reached all time highs. It was also a year of profound loss with the passing of our long-serving President & CEO, Jari Rosendal. His vision and leadership were instrumental in shaping Kemira into what it is today. We honor his legacy and continue to execute our sustainable profitable growth strategy.

What were the highlights of 2023?

Our strong performance continued in 2023. Our operative EBITDA reached an all-time-high EUR 667 million and relative profitability was also at a record high of 19.7%. This is truly a remarkable achievement amidst difficult market conditions and declining demand, especially in the Pulp & Paper markets. The Industry & Water segment performed very well and proved resilient throughout 2023.

In 2023, we truly shifted our focus to sustainable, profitable growth. We updated and simplified our strategic priorities which are: 1) Expand in water; 2) build a leading renewables portfolio and 3) create a significant digital services business.

We already had several proof points for these initiatives during 2023, such as the growth of our biomass-balanced polymers, the new PHA barrier solutions, Kemira and IFF's partnership expansion in renewable materials and new collaborations on phosphorus removal technology to mention a few. The strategic review that led to the announcement of the divestment of our Oil & Gas business was a major effort in 2023. The deal closed in the beginning of February 2024. It clarifies our focus on sustainability and our strategic priorities. It also strengthens our ability to look for growth within our strategic priority areas and to explore new growth opportunities.

We also continued to focus on our sustainability efforts and are pleased to be recognized with The Ecovadis platinum level rating. Being within the top 1% of the companies rated worldwide is a major recognition which we work very hard to uphold going forward.

Personally, it has been an interesting learning year, as I took over the Interim CEO position in July and continued my CFO role at the same time. I'm grateful for the trust that the Board has placed in me and for all the support from the global Kemira team.

What are the expectations for 2024 and beyond?

Starting on February 12th, Kemira's new President and CEO Antti Salminen has taken over to steer the Kemira team forward on our growth journey. Looking ahead, our focus is clear: we will continue to accelerate Kemira's sustainability transformation and profitable growth to the next level together.

Kemira

Jari Rosendal In Memoriam

Kemira's long-standing President and CEO Jari Rosendal passed away unexpectedly on July 31, 2023 after a short illness. He joined Kemira in 2014 with an assignment from the Board of Directors to improve Kemira's profitability and operations, a task he took forward with his leadership team and the whole Kemira organization with vigour and expertise. After years of strategic process improvement, a much stronger foundation was built in Kemira. He didn't want to take the credit for this, but rather liked to emphasize that all of these operational and financial achievements were thanks to great Kemira team work and the ability to overcome any challenges that the markets and the world presented. He was able to build a trusting relationship with the organization, and employee engagement improved significantly during his time as the CEO.

Jari Rosendal was also well known for his active role in the chemical industry beyond his role in Kemira. He was a Member of the Board of Directors of Neste Oyj, the Finnish Chemical Association, and the European Chemical Industry Council Cefic. In Finland, he served as a member of the Confederation of Finnish Industries Executive Committee in 2017–18. Additionally, he was a board member of Vuorimiesyhdistys, dedicated to the mining industry, for eight years, including three years as chairman. In 2020 he was granted an honorary title of "Vuorineuvos" by the President of Finland.

As important as the financial performance of the company was to him, closest to his heart was the health, safety and wellbeing of every Kemira employee, contractor and partner, every day. His relentless safety focus helped improve Kemira's overall safety performance during his time as the President & CEO, and this carries forward to the future as a key focus area for Kemira.

He is greatly missed by all of us at Kemira and by our other stakeholders around the world.

Kemira at a Glance

Revenue, EUR
3,383.7
million

Operative EBITDA, EUR
666.7
million

Operative EBITDA margin
19.7%

Earnings per share, diluted, EUR
1.28

Total employees at the end of the year
4,915

NPS
57

TRIF
2.5

Shipping to **118** countries

60 manufacturing sites

Operating in **36** countries

EUROPE, MIDDLE EAST AND AFRICA

Kemira HQ
Helsinki, Finland
R&D
Espoo, Finland

Revenue
1,620.0
million EUR

48%

Employees
2,499

AMERICAS

Regional HQ
R&D
Atlanta, USA

Revenue
1,458.8
million EUR

43%

Employees
1,484

ASIA PACIFIC

Regional HQ
R&D
Shanghai, China

Revenue
304.9
million EUR

9%

Employees
932

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How We Create Value

KEY INPUTS

Our people
- → Competence and skills of 4,915 employees representing 62 nationalities

Natural resources
- → Out of the total 2.52 million tons of used raw materials, 44% consists of recycled materials, while 3% is derived from renewable sources
- → 4,082 GWh purchased energy of which 71% is emission-free
- → Water consumption 5.2 million m^3

Collaboration with stakeholders
- → Key relationships with customers, suppliers, contractors, distributors and agents, and industrial partners for secondary raw materials

Financials
- → Equity: 1,684.2 MEUR
- → Interest bearing liabilities 937.8 MEUR
- → Cash: 402.5 MEUR

Intellectual property
- → 2,041 granted patents
- → Brand and reputation

PULP & PAPER

A purpose-driven inclusive culture
- → Our principles: Focus on Growth, Collaborate to Succeed, Deliver Value

Responsible operations and supply chain
- → Safety of people, products, processes and environment
- → Science-based climate targets and carbon neutrality by 2045
- → Sustainable supply chain and sourcing
- → Sustainability integrated into company processes

Innovation
- → Dedicated forward-looking R&D
- → 22 new product and concept launches
- → 31% of our research is in renewable solutions

Global operations
- → 60 manufacturing sites
- → 118 ship-to countries

INDUSTRY & WATER

KEY OUTPUTS & OUTCOMES

Our value-creating solutions
- → Functional and safe products
- → Efficient and compliant production processes
- → Advanced digital technologies

Serving clients particularly in
- → Pulp
- → Packaging, board, and tissue
- → Printing and writing

Products and solutions
- → Revenue from renewable solutions about 226 MEUR
- → 59% of our products improve customers' resource efficiency

Our value-creating solutions
- → Clean, safe, and affordable drinking water
- → Efficient water processing, wastewater treatment and reuse
- → Advanced digital technologies

Serving clients particularly in
- → Municipalities
- → Water-intensive industries

Stakeholders, society
- → Customer satisfaction: NPS 57
- → Collaboration with key business development and innovation partners
- → Recognition for our contribution to better societies and environment by external parties, such as CDP, EcoVadis and MSCI
- → Job opportunities, and partnerships for local communities
- → Employee engagement, competencies, and strong leadership for future growth
- → Collaboration with universities and research institutions

Environment
- → Emissions reductions from our own operations and our purchased energy: 33% compared to 2018.
- → 20B m^3 of water treated with the help of Kemira chemistry, which is comparable to the annual water consumption of approximately 370 million people

Sustainable growth
- → Revenue from customers 3,383.7 MEUR
- → EBIT 336.4 MEUR
- → Wages and benefits paid 433 MEUR
- → Income taxes paid 91 MEUR
- → 103.5 MEUR dividends paid to shareholders

Our Strategy

In 2023, Kemira redefined its strategic priorities, reaffirming our goal of achieving sustainability transformation to drive profitable growth. Explore more through 3 key questions posed to Linus Hildebrandt, Kemira's EVP of Strategy.

Q1: Kemira launched its redefined strategic priorities in August 2023. What are these, and why were they chosen?
We focus on three priorities: expanding in the water sector, building a leading portfolio of renewable solutions, and establishing a significant digital services business. These priorities stem from our commitment to both sustainability and our growth mindset, aligning with our long-term strategy of "sustainability transformation driving profitable growth".

Through this, we can better serve our customers with the sustainable solutions they need, create value for our investors, provide opportunities to our employees, and develop innovative solutions that benefit society.

Q2: How will Kemira lead this transformation in sustainability, driving profitable growth?
To lead this transformation, we must efficiently execute these three growth priorities, capitalizing on our solid foundations and robust existing business. Our focus includes identifying growth opportunities within our current business, developing new prospects, and exploring mergers and acquisitions. Additionally, a reliable supply chain and an adherence to high quality are important.

Our Growth Accelerator unit — alongside business segments — will continue to drive Kemira's long-term growth. We will accelerate the commercialization of new and unique renewable materials in our current markets and create opportunities in new adjacent markets.

Q3: How do Kemira's sustainability and purpose-driven initiatives contribute to achieving growth?
Our dedication to sustainability and purpose is a key driver of our growth. We have integrated sustainability into our strategy and actively leverage our expertise to identify renewable solutions, contributing meaningfully to addressing global challenges such as water scarcity and climate change.

Today, we see a growing number of companies demonstrating that achieving financial success can align with having a positive impact on the world. This intersection is destined to gain even greater significance. Our purpose, 'Chemistry with a purpose. Better every day', clearly defines our reason for existing. With our science-based solutions and talented people, we have generated a robust momentum for growth, creating value for our stakeholders.

"We are in good shape with a lot of opportunities. Kemira's growth mindset, combined with our clear vision and strong execution plan, makes us change-makers in leading the sustainability transformation"

Linus Hildebrandt
EVP, Strategy

Kemira

Key Highlights

Kemira appoints Antti Salminen President and CEO as of February 12, 2024

Antti Salminen has had several prior leadership positions at Kemira, latest as President, Pulp & Paper segment and before that President, Industry & Water segment. He has been a member of Kemira's Management Board since 2011.

Kemira at the 2023 UN Water Conference

In March, a Kemira delegation participated in the 2023 UN Water Conference in New York to discuss future water management with partners, contributing to global efforts to address water challenges.

Kemira announced the divestment of its oil & gas portfolio

The transaction enables us to focus on sustainability and our strategic priorities, including expanding in water, building a leading renewables portfolio, advancing digital services business, and accelerating our profitable growth strategy.

Breaking ground on the EriCa Chemistry Park in Finland

The groundbreaking ceremony for EriCa Green Chemistry Park in Finnoo, Finland took place in October, marking the future home of Kemira's R&D center.

Kemira announced a significant capacity extension in Goole, UK

The additional 70 000 tons capacity investment helps meet the growing demand for coagulants due to new and stricter regulations. The new capacity is planned to be in operation in Q3 2025.

Developing new PHA barrier solutions for sustainable packaging

In 2023, we continued to be partnered with Danimer Scientific to co-create a 100% renewable PHA dispersion barrier coating for food packaging.

Speeding up the renewable shift with biomass-balanced polymers

Kemira incorporates the biomass balance approach into its production system. In 2023, our customers such as the city of Barcelona were already using it in their water treatment operations.

Kemira joins UN Global Compact Forward Faster Initiative

Kemira is committed to building water resilience through its participation. This aligns with its earlier involvement in the Open Call on Business Leaders to Accelerate Water Action, initiated during the UN Water Conference in March 2023.

Kemira and IFF partnership expands to production of renewable materials

This is a major step in our growth strategy implementation and our journey building the leading renewable materials portfolio for our customers.

Kemira achieves EcoVadis Platinum level for the third consecutive year

Kemira remains among the top 1% of companies rated worldwide, with a score increase of 2 points to 80/100.

Kemira and Metsä Group to accelerate sustainability cooperation

We have a joint mission to develop a new sustainable product or raw material related to the forest industry by 2027. This strengthens collaboration with key industry players to support our strategic goals and enhance the overall sustainability of the value chain.

Collaborating in award-winning phosphorus recovery technology

Kemira and Royal HaskoningDHV have agreed to further develop Kemira's ViviMag® phosphorus recovery technology by conducting further research, including a pilot and demonstration project in the Netherlands.

Business with Purpose

Climate change, water scarcity, and the responsible use of limited resources to meet the needs of a growing global population are some of the defining challenges of our times.

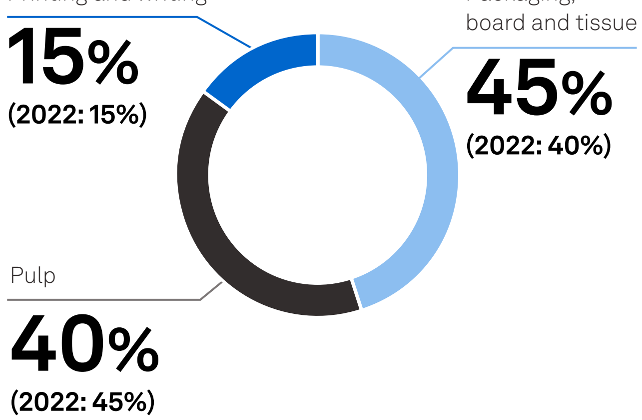
At Kemira, employees across our business segments work daily to develop and deliver innovative solutions and products to answer these questions, together with our partners and customers.

Kemira

PULP AND PAPER

Cellulosic fiber, the renewable and abundant raw material, plays a key role in the circular economy. With our chemistry know-how, we enable a wide range of traditional and new end products, from recyclable paper and board packaging and tissue products to textiles. We help our customers achieve resource-efficient and compliant production processes and functional and safe end products.

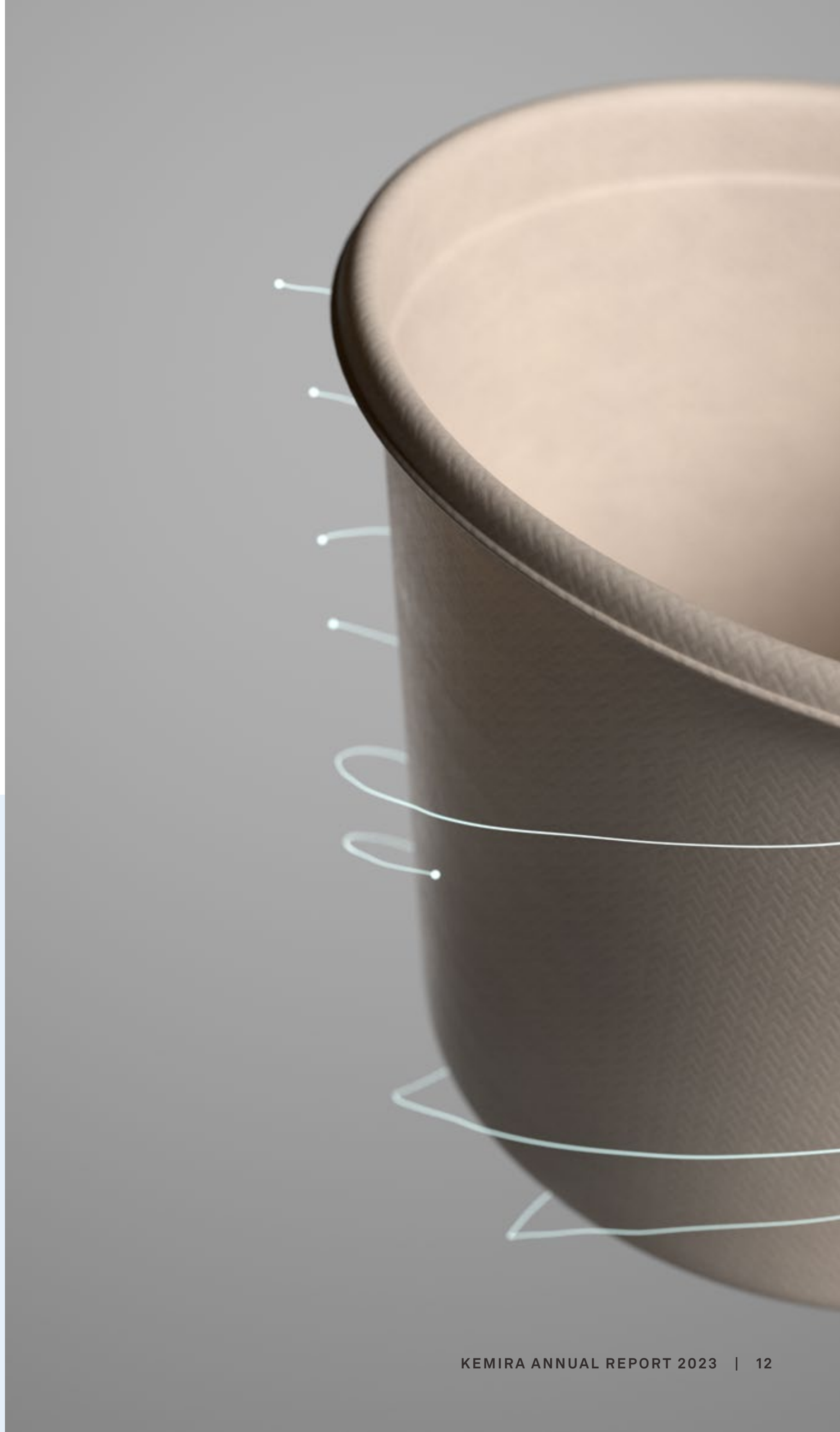
REVENUE BY PULP & PAPER CUSTOMER TYPE

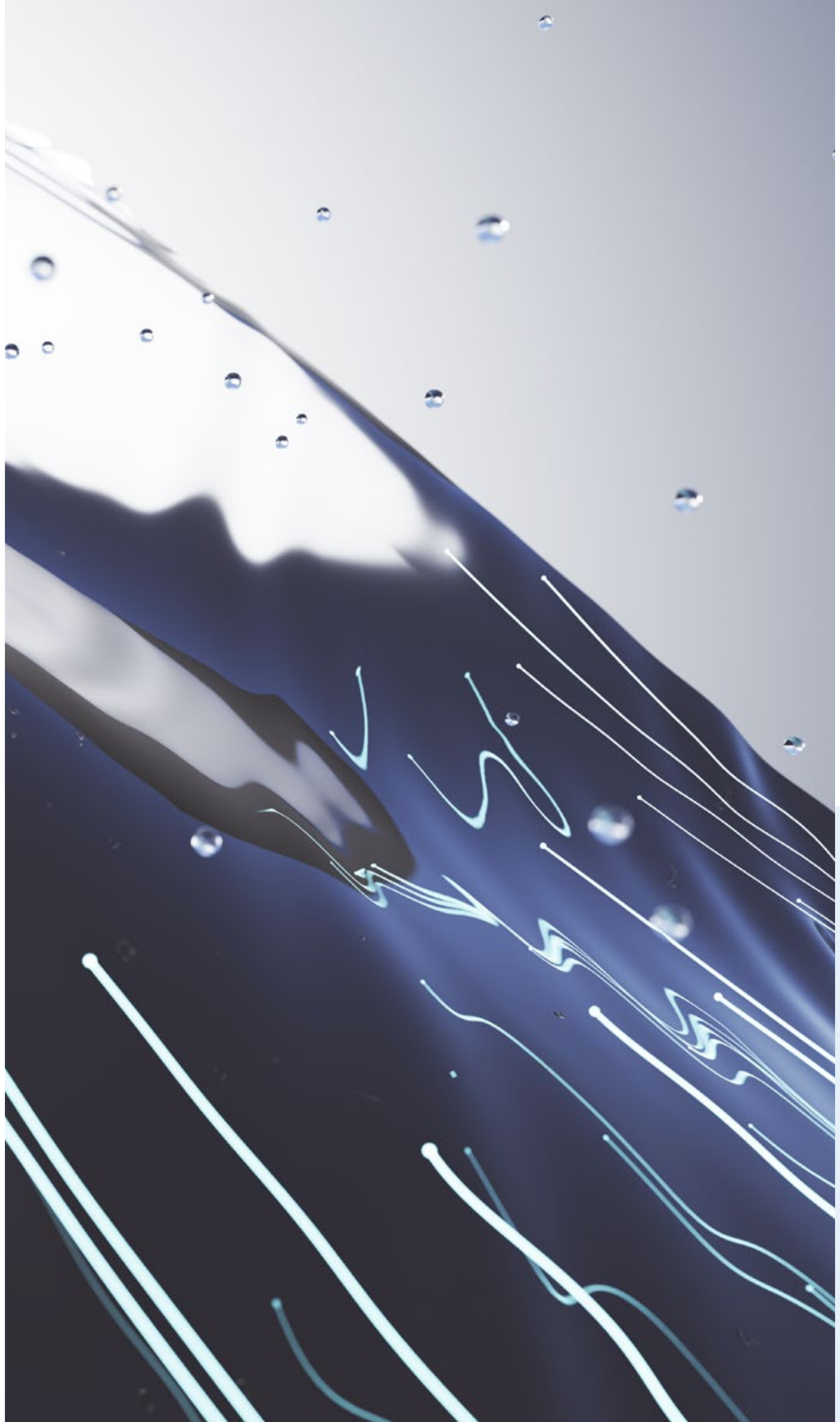


"Kemira brings essential expertise to enable industry value chains to fully harness the potential of renewable cellulose fibers. We are co-developing novel solutions to answer the growing demand for a circular, fiber-based economy, working together with our customers."

Antti Salminen

President, Pulp & Paper segment

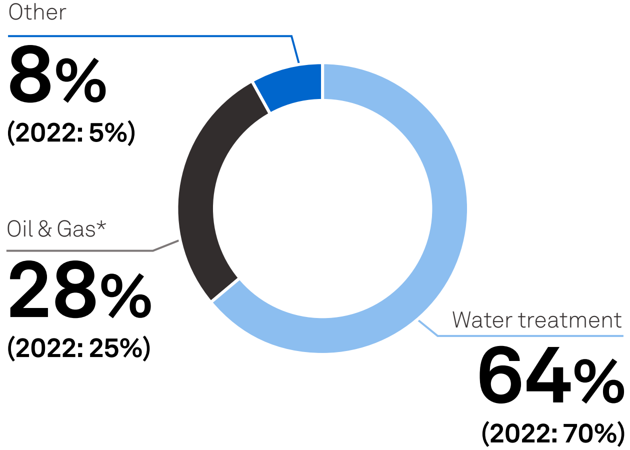




INDUSTRY AND WATER

While addressing global megatrends like climate change, population growth, resource scarcity, and grappling with escalating costs and supply-chain insecurities, municipal water and wastewater treatment plants must also adhere to increasingly stringent regulatory requirements. Kemira offers a range of innovative solutions to optimize all stages of the water treatment process and reduce expenses for energy, labor and chemicals, while safely achieving water quality targets.

INDUSTRY & WATER APPLICATION SPLIT



* Kemira announced the divestments of its Oil & Gas portfolio in December 2023 and completed the divestment on February 2, 2024.

"We consistently deliver value to our customers in water treatment through reliable and sustainable solutions. We actively explore and develop technologies and applications to ensure our customers are also meeting future requirements with their water treatment."

Tuija Pohjolainen-Hiltunen
President, Industry & Water segment

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CASE

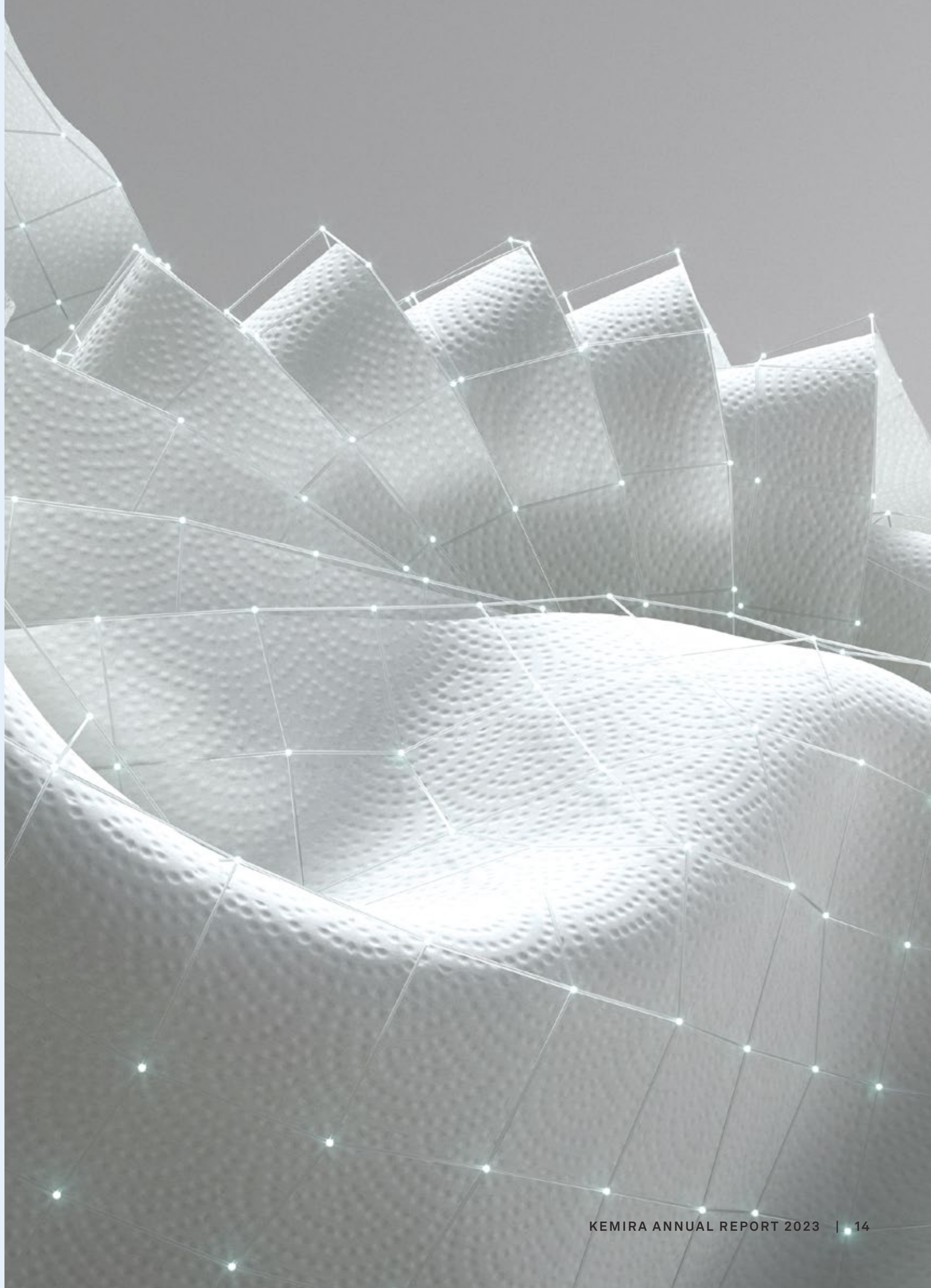
Papermaking in the Digital Age

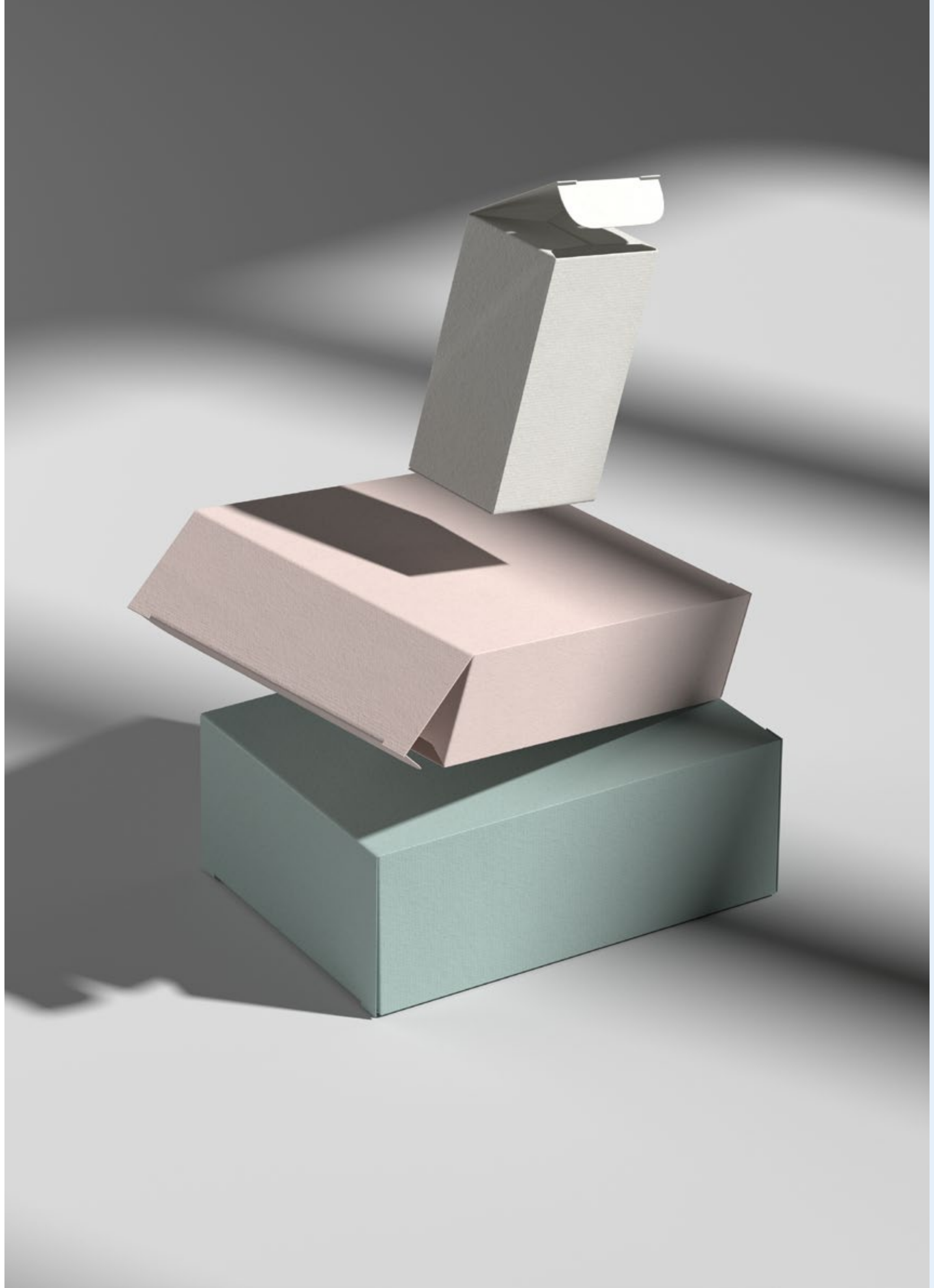
In paper production, our customers face a critical challenge: how to make the production process more efficient and compliant. The papermaking process typically requires substantial water usage and energy resources.

As the global population continues to grow, so does the demand for packaging and tissue. To meet this demand while preserving our environment, Kemira's digital offering empowers customers across the industry to optimize production efficiency, quality and profitability.

In 2023, through the acquisition of SimAnalytics, with whom we have been collaborating since 2019, we offer a commercialized digital service, KemConnect ™ Harmonizer. This service assists paper and board mills in running their production more efficiently, minimizing disruptions, and conserving raw materials, energy, and water.

It's not just about chemistry; it's about using data, predictive analytics, machine learning, and AI to take our expertise to the next level, and empower pulp, paper, board, and tissue producers to run more efficient processes. Together with customers, Kemira is setting the stage for a more efficient, sustainable, and successful papermaking process through digitalization.





CASE

A New Game Changer in Packaging

In today's more impact-conscious consumer landscape, brands need to find ways to align their packaging solutions with their sustainability commitments. As a result, the spotlight has turned to renewable, fully recyclable, and biodegradable fiber-based packaging. In this shift, renewable chemistry can provide innovative solutions that allow paper and board to achieve the properties they need to replace traditional plastic in packaging.

This is where chemistry steps in to bridge the gap. Kemira is pioneering the future of sustainable packaging with its groundbreaking renewable barrier technology. Teaming up with Danimer Scientific, we're developing a 100% renewable barrier for paper and board packaging. By harnessing advanced biotechnology to derive PHA - an innovative alternative to traditional, non-renewable plastics from vegetable oils, we've created a fully biodegradable, compostable, and food-safe solution.

This is a game changer, because it offers a sustainable alternative to conventional, petroleum-based plastic lining in packaging, or other harmful compounds often used to create properties against water and grease. These attributes further enhance the sustainability of the material and enable brands to provide products that contribute to a circular economy and reduce the impact of plastic waste on the environment.

Kemira

CASE

Going Circular: Turning Wastewater to Fertilizer

Wastewater is not waste; it is a source of energy, clean water, fertilizers, and essential nutrients. Harnessing these valuable elements from wastewater can play a pivotal role in advancing the Sustainable Development Goals (SDGs), supporting global sustainability efforts, and promoting a more environmentally responsible and resource-efficient future.

Only 11 percent of treated wastewater is reused, while around half of the world's untreated wastewater still enters rivers, lakes, and seas, according to the latest report by UNEP in 2023. This poses a significant environmental challenge, including eutrophication and overfertilization of water bodies, the latter of which can occur when phosphorus is not properly removed. On the other hand, as a nutrient, phosphorus is a critical resource, required for agricultural fertilization as well as in various industrial process applications.

Kemira and Veolia have joined forces to test the Kemira-owned patented technology ViviMag®, to remove phosphorus from wastewater and turn it into fertilizer, thus contributing to a circular economy.

Our pilot trial in Schönebeck, Germany, launched in 2022, marked a pivotal moment in our and Veolia's commitment to providing sustainable and circular solutions. With ViviMag®, we aim to support Europe's ambition for raw material independence, while mitigating the environmental impact of phosphorus in wastewater. This innovative partnership underlines our shared dedication to advancing sustainable water treatment solutions.

Kemira

CASE

Partnering for Sustainable Wastewater Transformation in Copenhagen

In wastewater management, BIOFOS stands as Denmark's largest wastewater treatment company, serving 1.2 million people across three treatment plants. Their commitment to sustainability and carbon neutrality led them to seek innovative solutions in partnership with Kemira. The challenge was clear – to reduce their carbon footprint, they had to tackle nitrous oxide emissions, a potent greenhouse gas.

Working closely with Kemira, BIOFOS implemented changes such as adjusting their aeration levels and varying bacterial action to reduce nitrous oxide emissions. These efforts, along with an advanced chemical solution for grease management, have not only reduced emissions but also optimized biogas production, turning wastewater sludge into a valuable source of energy.

BIOFOS is also working with Kemira's KemConnect™ to improve real-time data collection and measurement for stable operations, reducing energy costs, and ultimately offering residents of Copenhagen the treated water they need at a lower cost to themselves and to the planet.

"Our relationship with Kemira is not a supplier-consumer relationship, but rather a partnership built on trust and a shared desire to do better." says Rasmus Spange, Head of Production, BIOFOS. This collaboration showcases how partnerships built on trust, transparency, and a shared commitment to environmental sustainability can drive meaningful change in wastewater management, making it more efficient and greener for the community.

Kemira

CASE

The Future of Fashion: Paving the Way for Sustainable Textiles

The textile industry faces major sustainability challenges that it needs to tackle without delay. The first of these concerns waste: an estimated 92 million tonnes of textile waste are created each year globally. Second, new alternatives are urgently needed to replace fossil-based synthetic fibers like polyester, as well as resource-intensive materials like virgin cotton. With a focus on renewable cellulosic fibers and textile recycling, we're leveraging our chemistry expertise to help the industry's transition, achieving the circularity it needs to see.

Developing renewable chemicals plays a crucial role in fostering textile sustainability. With our deep knowledge of cellulose modification, stemming from our background in pulp and paper, we help our customers develop sustainable and scalable textile fibers for the fashion industry. The use of chemicals in the textile industry requires a deep understanding of safety and sustainability, as insufficient regulation and oversight could lead to pollution. Our experience in chemical safety and compliance allows us to help companies entering the field to operate sustainably.

Textile recycling is gaining significant momentum, with chemistry playing a central role: it helps to break down the materials, ensures purity, and allows us to create properties that are needed for the fibers to be reused in various applications. As regulations push for enhanced textile waste collection, chemistry offers a feasible path to circularity.

Our impact also extends to nonwoven fabrics, providing renewable alternatives for wipes, towels, and filters made with cellulose fibers. For these essential everyday items, chemistry can ensure durability and biodegradability.

Kemira

CASE

Driving a Needed Shift to Renewable Polymers

Climate action can't wait – we need to reduce our reliance on fossil carbon, starting today. Kemira is using the biomass balance approach as a concrete step to increase the use of renewable raw materials in the production of polymers.

These polymers have applications in municipal and industrial wastewater treatment, drinking water treatment, papermaking processes, and mining. Kemira became the first company in the world to start full-scale production of water-soluble biomass balanced polyacrylamides (PAMs) back in 2021.

In 2023, we progressed further. Our customers—such as the city of Barcelona—are already pivoting from fossil-based raw materials and reducing their impact on the environment in their own water treatment operations. The biomass balance approach facilitates a reduction in fossil carbon utilization throughout the value chain, all while offering an identical chemical profile to conventional polymers. This ensures high performance without necessitating process adjustments, enabling a more seamless transition.

Our biomass-balanced products and sites are certified by the International Sustainability & Carbon Certification (ISCC), a widely acknowledged, global sustainability certification system. With expansion plans in-place and a diverse range of biomass balanced products already available, combined with significantly lower carbon footprints, we are committed to putting our chemistry innovation into action to empower a more sustainable chemicals industry.

Sustainability at Kemira

Sustainability matters. It is the common thread that runs through everything we do at Kemira, for our people and planet.

At Kemira, our strategy is aligned with building a better future. Purposeful chemistry can be harnessed, together with digitalization to help solve the most pressing challenges of our time, including climate change, building water resilience in our societies, developing circular solutions, and utilizing our ever-scarcer natural resources in the most efficient way. Besides pushing for new opportunities, we will continue to be the responsible partner for our stakeholders. By collaborating, we can make our world better, every day.

KEMIRA'S SUSTAINABILITY PERFORMANCE KEY FIGURES 2023

71%
of global energy use is emission-free

59%
of our products improve customer resource efficiency

47%
of used raw materials are renewable or recycled

20Bm³
20Bm³ of water treated with the help of Kemira chemistry, which is comparable to the annual water consumption of approximately 370 million people

A Closer Look at Sustainability

Our shared global ambition to build a sustainable world is articulated in the UN Sustainable Development Goals (SDGs), and we focus on the four SDGs where Kemira can make the most significant impact: 6, 8, 12, and 13.

We prioritize five key sustainability themes — safety, people, water, circularity, and climate — that are most material to us, where we can make the biggest positive contributions across economic, social, and environmental dimensions.

Discover more about our impact in building a sustainable world, reflecting our purpose - Chemistry with a Purpose. Better Every Day.

OUR TARGETS AND PROGRESS:

OUR TARGETS AND PROGRESS	RESULT 2023	TARGET
Improving safety Reduce our Total Recordable Injury Frequency (TRIF) rate across our sites to 1.5 by the end of 2025, and 1.1 by the end of 2030.	2.5	1.1
Fostering inclusivity Reach top 10% cross industry norm for Diversity & Inclusion by the end of 2025.	25%	10%
Leading water management Achieve a Climate Disclosure Project (CDP) water security score for leadership of A or A- by the end of 2025.	B	A / A-
Enhancing waste impacts Reduce disposed production waste intensity by 15% by the end of 2030, from a 2019 baseline.	4%	15%
Reducing emissions Reduce GHG emissions from Scope 1 and 2 by 50% by the end of 2030, from a 2018 baseline.	33%	50%
Expanding our sustainable offering Derive more than EUR 500 million from renewable solutions by the end of 2030.	EUR 226 million	EUR 500 million

KEMIRA

Safety Drives Everything We Do

At Kemira, safety is our highest priority. We ensure safe, responsible operations as well as the safe production and use of our products throughout their lifecycle. Our vision is to achieve zero harm to our employees, communities and the environment, deliver customer satisfaction, and meet ambitious sustainability and profitability targets.

We understand that the responsible management of our operations and products, from inception to utilization, is critical for the wellbeing of people and the environment. Our dedication to safety extends across our entire organization.

Every individual, at all levels of Kemira, plays a pivotal role in ensuring a safe environment. The strict application of our Life Saving Rules, with ongoing enhancements to our safety culture, ensure that every employee returns home safe and unharmed each day. In addition to People safety, our comprehensive initiatives extend to components such as Process, Transportation, Chemical, and Environmental safety. We proactively foster a shared safety culture, monitor metrics, and launch new initiatives to enhance overall safety performance.

In 2023, the total number of TRIs was 37, and TRIF was 2.5, covering both our own employees' and contractors' incidents, which was above our annual target of 1.9. However, we are actively working to continually improve our TRIF to 1.5 by the end of 2025 and to 1.1 by the end of 2030. In the MySafety Pulse 2023, our employees' response to the statement 'I feel safe at my workplace' scored 88, showing an improvement of +2 compared to the same period 2020 and +7 compared to the manufacturing industry benchmark. We aim for zero incidents and are succeeding: in 2023 70% of our sites had zero incidents.

The ILO Safety Day 2023 marked a moment for us to celebrate safety as our priority and reflect on our success. This year's theme was "A safe and healthy working environment as a fundamental principle and right at work." By sharing our successes and experiences, we aim to foster a culture of behavioral safety: when each individual keeps safety in mind throughout their daily actions, we can better care for each other and instill safety into our organizational DNA.

"We want to prevent incidents and accidents from happening, and good safety performance is tied to our metrics at all employment levels. It's not just a 'safety department' task; it's everyone's responsibility. We do this together, and by being vigilant, we can correct and continuously learn and improve our safety behaviors towards zero incidents."

Anne Helenius-Heir

VP, EHSQ, Kemira

CASE

Fostering a Safety Culture at San Giorgio

At Kemira's San Giorgio site, management and employees collaboratively foster a safety culture based on awareness, shared responsibility, and trust.

The approach emphasizes individual engagement, with regular, tailored meetings for all site workers to reinforce their own role in keeping everyone safe, from robust reporting to the proactive monitoring of risks. At the core of our safety culture is the belief that personal well-being and safety are inseparable. Through those efforts, we have achieved over 800 consecutive days without injuries.

Our safety approach also extends to the community around our plant, with stringent processes ensuring we emit fewer than 90 kg of chemical pollutants per year out of the 120,000 tons we produce. At San Giorgio, our safety culture demonstrates that a safer workplace and community go hand in hand, and that we all have a role to play.

> “Safe behavior is in the common interest of everyone, everywhere. When a site is safe, everything else runs more smoothly.”
>
> **Stefano Tapparelli**
> Site Manager, San Giorgio

Making Zero Incidents a Reality in Brazil

Kemira's Brazilian sites are making zero incidents a reality. Our Ortigueira plant has recently celebrated a full year without any safety incidents, and our site at Telêmaco Borba is on-track to reach 3 years incident-free. These milestones follow years-long declines in incident rates, driven by sustained campaigns to maintain awareness, enhance vigilance, and immerse external contractors in Kemira’s safety culture.

These plants - which manufacture sodium chlorate and sizing agents - face safety challenges stemming from a high prevalence of hazardous materials on-site.

Central to our approach is always keeping safety at the top of the minds of all personnel. Every workday begins with a safety meeting, and the Basic Behavior Safety (BBS) program engages employees through behavior observation and positive reinforcement, promoting a shared sense of responsibility for safety. Meanwhile, enhanced requirements for employees to report hazardous conditions and activities, near misses, and incidents, as well as greater supervision and collaboration, empowers everyone on-site to adopt a zero-tolerance safety mindset.

Environmental safety efforts have also achieved results, with recent evaluations in 2023 showing zero ground contamination around our sites in Telêmaco Borba, even after 22 years of continuous operations.

> “We don’t tolerate even the tiniest injury and we know that zero incidents are always possible, and that it is our responsibility to aim for exactly that.”
>
> **Jose Luis Bezerra**
> Site Manager, Brazil

kemira

CASE

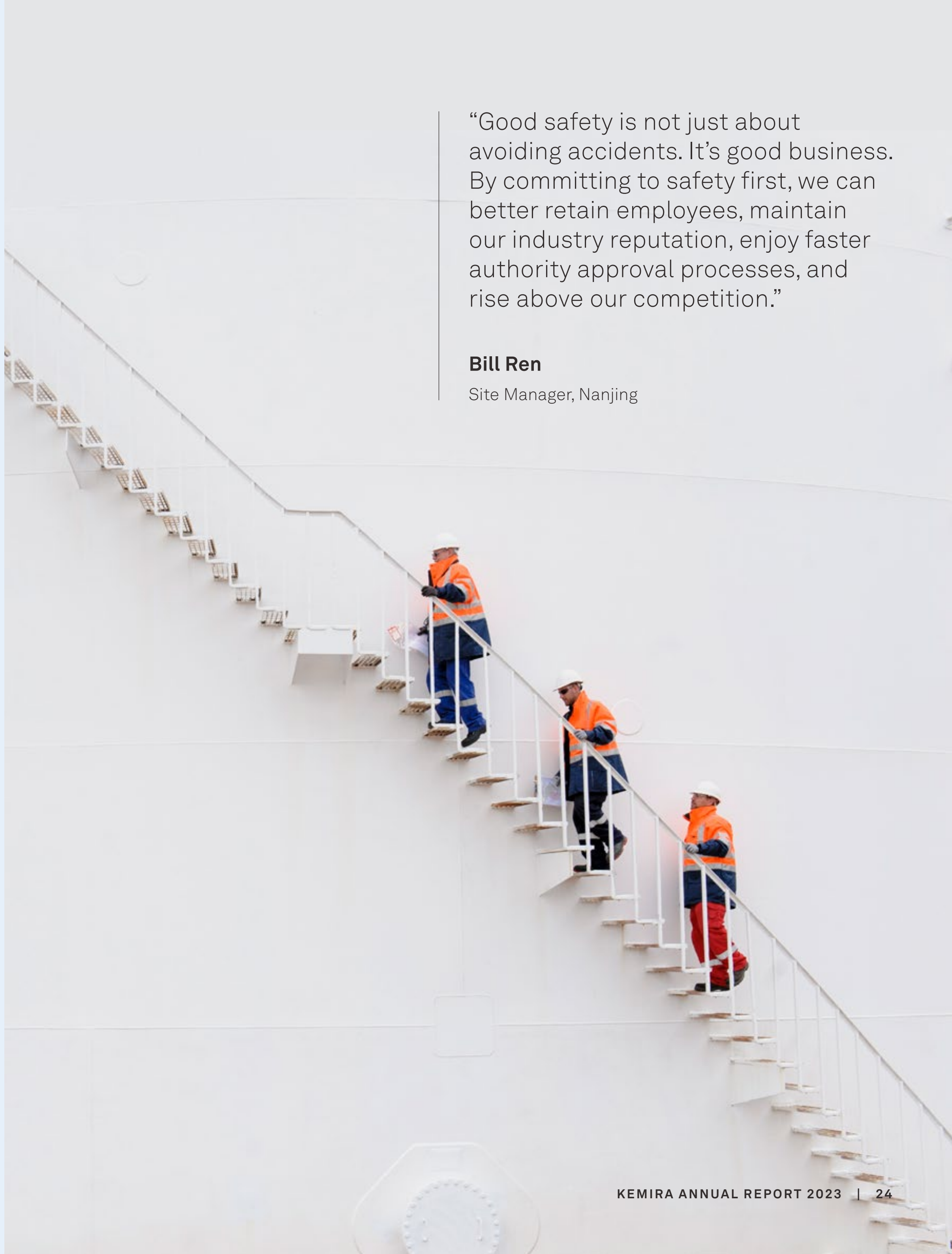
A Decade of Safety Excellence at Nanjing

Opened in 2013, Kemira's plant in Nanjing, China employs over 100 people in the manufacture of chemicals for a wide range of special processes. In over a decade of operations, the site has only logged one single Total Recordable Incident (TRI), thanks to a comprehensive safety strategy that embodies the Kemira approach.

At the core of this strategy is people. Every day begins with a plant-wide safety briefing, while fortnightly inspections from the site management team keep everyone aware. External partners also play a key role, with agencies such as the Red Cross delivering first-aid training and updates every year.

In 2023, a major target has been safe maintenance and maintaining safety during our ASA sizing agent expansion project. The Nanjing site rolled out a new e-permitting system during the year to ensure that all maintenance work on-site – no matter how minor – conforms to the highest process safety standards.

These efforts have not gone unnoticed. The site has received a number of external certificates and awards for its commitment to safety excellence in 2023, including accolades for leadership in fire safety, environmental safety, and safety management. For those at the Nanjing site, 2023 represents a decade of commitment to safety excellence, which is truly something to celebrate.



"Good safety is not just about avoiding accidents. It's good business. By committing to safety first, we can better retain employees, maintain our industry reputation, enjoy faster authority approval processes, and rise above our competition."

Bill Ren

Site Manager, Nanjing

Success Starts from our Workplace

To make the world better every day, we start with our workplace. Our dedicated employees are the pillars of our success, and three fundamental principles guide everything we do: Focus on Growth, Collaborate to Succeed, and Deliver Value. These help us set the stage for our sustainability transformation and nurture a workplace where every individual can thrive.

Embracing diversity and fostering an inclusive environment not only drives innovation, but also enhances employee engagement, wellbeing, and satisfaction, contributing to our shared success and growth. In 2023, we continued to foster an environment where every individual feels valued, respected, and empowered, with equal opportunities for learning and development.

We have established a comprehensive framework to advance our commitment to diversity, equity, and inclusion (DEI). Our employee engagement has been consistently strong over the years, and 2023 is another year showing continued progress. In November 2023, the Kemira engagement score was 80, 6 points above the external manufacturing benchmark of 74.

Ensuring pay equity is one of our actions towards developing our diverse and inclusive workplace: our target is to reach the top 10% of the cross-industry norm for diversity and inclusion by the end of 2025. In fact, we have reached the point where we have no unjustified pay differences due to gender. The remediation followed a pay gap analysis, where the baseline situation was already found to be good.

At Kemira, DEI has strong leadership support through the DEI program's executive ambassadors and champions, sponsored by the Management Board and Sustainability Steering Team. Our Employee Resource Group (ERG) is also actively helping to foster an inclusive workplace through various initiatives, such as hosting a webinar on psychological safety for all employees and engaging with external partners such as Workplace Pride for LGBTQIA+ employees. In 2023, we also launched the Inclusive Leaders project to enhance understanding of inclusive leadership and to build a training program providing employees and people managers with tools to foster inclusion in their leadership.

THIS YEAR

- Our Inclusion Index improved, reaching 78 vs Top 10% cross industry benchmark 80.
- In May, our Women's Network held a forum that drew 250 participants.
- In June, we also held the first face-to-face meeting for our Employee Resource groups - KemPride and Women's Network
- In November, Kemira was recognised by Workplace Pride with an Impact Allyship award 2023 for executive sponsorship for our LGBTQIA+ network.
- In 2023, we trained over 400 managers across 30 countries globally and conducted face-to-face diversity workshops for employees in 31 manufacturing sites.

Our employees are more than just colleagues; they are a community of individuals, united by a common purpose.

CASE

The Kemira Women's Network

At Kemira, we are committed to gender equality and diverse and inclusive workplace. Our Women's Network - which took its first steps in 2022 and has since grown to include more than 130 women from across the organization - is specifically designed to provide a space for networking and self-development.

This network aims to connect women and provide them with the support and knowledge-sharing platform they need, all while creating a structured framework that facilitates balance between their professional and personal lives.

In 2024, we will introduce the WeMentor program, which offers women of all seniority levels opportunities for mentorship, personal growth, and career advancement. Enlisted male ambassadors will promote the Network and the WeMentor Program within our community, and we also work in close collaboration with KemPride – our LGBTQIA+ network – to ensure our joint efforts complement and enhance each other.

These initiatives form part of our Women's Network roadmap, and are a key part of our overarching purpose, creating a sense of inclusion, satisfaction, and empowerment among our employees.

"An inclusive, empowering environment is a competitive advantage. Our women-led initiatives are focused on building a stronger and more inclusive organization with a greater range of perspectives in a male-dominated industry, and on attracting and retaining our exceptional female talent".

Maja Paradecka
Senior Manager,
Talent Development & Human Resources,
Lead of Kemira's Women's Network

Leveling Up Water Recycling

At Kemira, we recognize the importance of clean water as a fundamental cornerstone of life. In a world facing the challenges of climate change and a growing population, ensuring access to this invaluable resource is integral to our Purpose. Over the past year, our solutions have helped to clean more than 20 billion m^3 of water, while efforts within our own operations have ensured more water has been recycled or kept as unused freshwater than ever before.

We offer solutions to water-intensive industries that enable them to minimize and improve their water impacts. Through our products, they are empowered to both use less water and usher in processes to increase reuse and recycling. Recycling water, rather than drawing from freshwater sources, is part of our goal of enhancing water resilience wherever we operate. Kemira is committed to turning the tide for cleaner, more sustainable water management.

ENHANCING WATER RECYCLING IN OUR OWN OPERATIONS

Our dedication to water management extends beyond the water-intensive industries we serve. We uphold the same high standards for our own operations.

We collect re-use and recycling data from all our manufacturing sites around the globe. Our efforts include using closed cooling water systems at most of our sites, optimizing process water recycling, and recycling water between neighboring operators at the industrial parks where most of our operations are located.

In 2023, Kemira contributed to water recycling in the industrial park in Shandong province China, where our Yanzhou and Tao sites are located. The Kemira wastewater treatment plant there has provided services to all companies in the park. The total water received was 103,839 m^3, with 35,104 m^3 recycled water to be reused in the park. We will continue helping the industrial park to achieve the goal for 2024 of reaching a 40% recycling rate.

We also implement site-specific measures such as recovering steam condensate as process water, recycling wastewater back to process, and recycling washing and flushing

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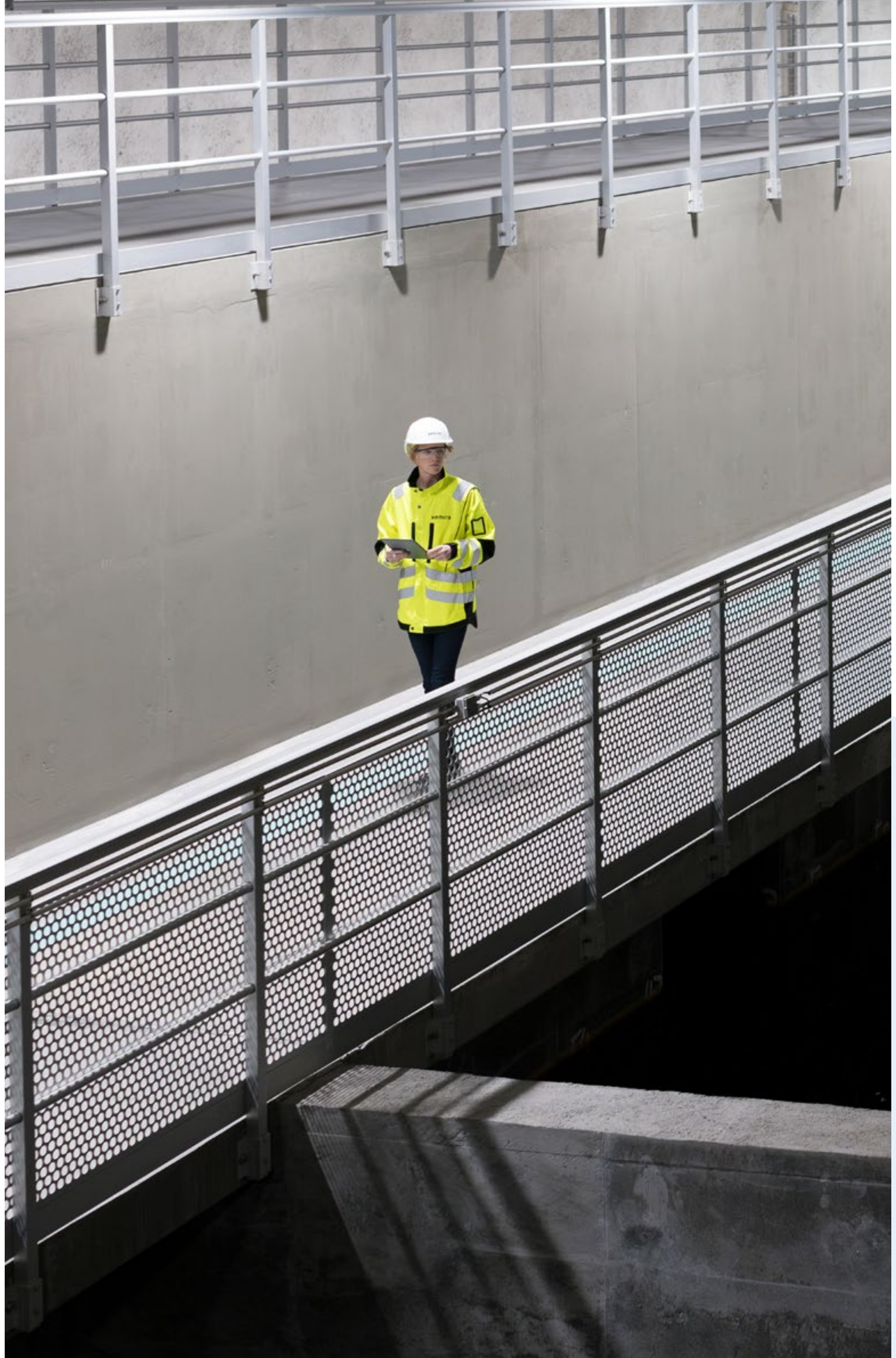

water. Through these efforts, we aim to reduce our freshwater withdrawal across our operations and drive a decline in impact on local water ecosystems.

DATA MAKES US BETTER

In 2023, we have stepped up our efforts to improve water balance accuracy, track water usage and recycling data, and map our water impacts across all sites, so that we can take informed, targeted actions to conserve and preserve.

We assess water related risks and opportunities at each Kemira plant and at a corporate level using scenario analysis. Our mapping and conservation efforts have been particularly targeted to sites located in water-stressed and water-scarce areas such as Shandong province in China and Catalonia in Spain, where the need to reduce our impact is at its most acute. By targeting these sites first and foremost, we have been able to direct our expertise to ensure possible impacts through continuous improvement.

"Water recycling is at the heart of Kemira's commitment to sustainable water management. It's not just about using less water; it's about mitigating risks, ensuring sufficient water for communities and our operations, and minimizing our environmental footprint."

Teemu Mattila

Manager, Environmental Safety, EHSQ

Kemira

Empowering the Circular Economy through Sourcing

The circular economy aims to change how we view things. How we make them, use them and ultimately dispose of them. It goes far beyond recycling. It requires fundamental changes to the way materials are sourced and products are designed, produced, sold, used and disposed of throughout the value chain.

"The circular economy is our toolbox to transform the raw materials base throughout our value chains to provide the renewable solutions industries need."

Jonas Ekelund

Sr Sourcing Manager,
Sustainability and Bio Raw Materials.

At Kemira, we have unique opportunities to help shape a more circular world through the adoption of circular business practices across our own operations and value chain, empowering our customers to become more energy, resource, and water efficient.

In 2023, we continue our high focus on our own operations and value chain, to increase the share of renewable and recycled raw materials used across our production units. In 2023, 47% of used raw materials are renewable and recycled. 70-80% of the raw materials in our coagulants are already sourced from recycled materials, including other industries' sidestreams and by-products.

The sourcing of materials is essential to ensuring a circular economy, and this is where we are uniquely positioned to empower our customers. By increasing the use of recycled, and renewable raw materials, co-developing new products with circular properties, and innovating in new ways to reduce waste, we drive circularity across the industries we work with. For instance, Kemira and IFF are working on developing more sustainable alternatives and in this instance, are collaborating to make renewable polymers from sugar. In December 2023, the two companies announced the next step towards the commercialization of the Designed Enzymatic Biomaterial ("DEB") platform, a cutting-edge biotechnology process that enables production of new renewable polymers with enzymatic polymerization. These renewable materials will become available at entry level industrial scale to drive market development and to provide supply to first-mover customers across markets.

Central to these efforts is our renewable solutions portfolio, which offers concrete ways for our customers to incorporate a greater share of circular materials into their own processes. This portfolio is on-track to reach EUR 500 million in sales by 2030. In 2023, we have reached EUR 226 million, in collaboration with our business segments and supported by our Growth Accelerator unit. We will continue our efforts in 2024.

Meanwhile, our digital solutions – such as KemConnect™ - can optimize resource efficiency for customers to keep waste and water use to an absolute minimum, offering significant cost and emissions savings while increasing water resilience.

By working with our customers and focusing our circular efforts on the sourcing of the materials we all need, Kemira is dedicated to securing the future availability of natural resources and unlocking more value from the limited resources we have.

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Progressing Towards our Science-Based Targets

We are actively addressing climate change not only within our own operations but also across our entire value chain, involving suppliers and customers. Our collaborative efforts have already reduced emissions by 33% from our base year, putting us ahead of schedule towards our target year.

We are committed to reducing emissions from our own operations by 50% (scope 1 and 2) by 2030 from a 2018 baseline, in line with the Science-Based Targets initiative (SBTi). Kemira is also committed to developing a quantified, near-term scope 3 target within the timeframe set by the Science-Based Targets initiative framework. What do we mean and how do we make it possible?

POWERED BY EMISSION-FREE ENERGY

The sources of the energy (electricity, heat and steam) we use plays a major role in the

"We've been taking climate actions at Kemira and acknowledge the importance of aligning our climate agenda with the best science."

Mark Wenclawiak

Manager, Environmental Safety, EHSQ

climate impacts of our own operations, which is why Kemira is making concerted efforts to transition its production sites to emission-free energy. In 2023, approximately 71% of our energy in our own operations 2023 was emission-free. Our largest manufacturing site, located in Sweden, sources approximately 50% of its purchased electricity consumption from wind power. In Finland, our electricity supply continues to become more emission-free through the additional nuclear energy generation in the grid and the increasing integration of renewable electricity (wind and hydro) through sourcing agreements. Kemira is also currently evaluating 10 plants worldwide for potential solar power projects and in 2024, one target is to establish a 100% renewable electricity site in California.

MAKING ZERO-EMISSION COMMUTES MORE ACCESSIBLE

Although the transportation-related carbon footprint of Kemira's employees is a relatively minor component of our overall emissions, we want to make sure we can help our people make more sustainable choices in their own lives This can be seen in the US, where in 2023 the State of California awarded Kemira a grant to lease and operate two battery electric trucks and charging infrastructure to better serve our customers. In addition, Kemira has been installing EV charging stations at its manufacturing sites, making it easier for our employees to switch to EVs. Currently, they are available in 10 of our sites in Canada, USA, Netherlands, China, Finland, and Germany. We are actively exploring additional opportunities, including hydrogen and other alternative energy sources for our fleet vehicles in the upcoming years.

IMPROVING TRANSPARENCY FOR INFORMED CLIMATE ACTION

In 2023, Kemira's climate action journey has involved mitigating site-specific climate impacts and preparing for climate disclosure requirements, particularly in response to EU regulations like the European Sustainability Reporting Standards (ESRS).

Kemira has embarked on a significant project to model climate risk scenarios, which started with a limited number of manufacturing sites in 2022 and has expanded to encompass a broader range of locations in 2023. This project addresses both physical risks related to the impacts of climate change and transitional risks, including financial ones. Kemira engages in voluntary reporting through platforms such as Ecovadis and the Climate Disclosure Project (CDP), emphasizing transparency throughout the value chain.

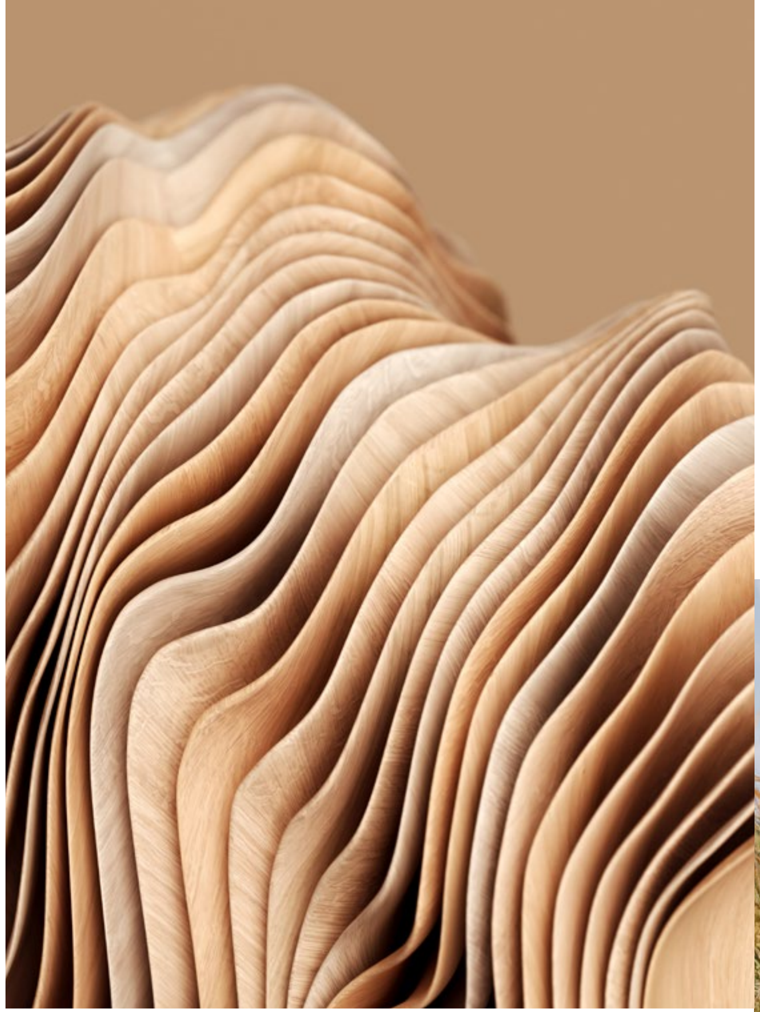
IMPACTING SCOPE 3 THROUGH OUR SUPPLIER ENGAGEMENT PROGRAM

As scope 3 emissions account for 82% of our total emissions, in 2023 Kemira initiated an engagement program to enhance data collection and data quality from its suppliers. This project involves our Sourcing team collaborating with suppliers to collect and review product carbon footprint data for the raw materials used in our manufacturing processes. This supplier-provided data ("primary data") will be used to improve the quality of our emissions estimates by reducing our reliance on published emission factors ("secondary data"), which include assumptions and characteristics that may not be as representative as the data obtained directly from our suppliers. We also actively collaborate with suppliers to develop solutions together, including developing new products made from recycled or renewable materials.

In the face of a disjointed approach from a diverse chemicals industry and inconsistent legislative approaches across different regions, Kemira sees a need for unified efforts and collaboration to collectively address climate challenges. We aim to continue working with our industry and all relevant stakeholders to ensure effective, collective climate actions.

INCENTIVIZING BETTER INVESTMENT THROUGH OUR CARBON PRICE PROGRAM

Meeting our climate targets requires us to drive investment away from projects with a high carbon footprint and towards solutions with a positive climate impact. To encourage investments in low-carbon and carbon-free technologies, we use an internal carbon price (ICP) in valuations of key investment projects. Since June 2022, Kemira has increased its internal carbon price to 100€ per metric ton of CO_2 equivalent, in economic models underpinning investment cases valued at above 500k € to align with EU ETS pricing.



Sustainability Report 2023

Kemira

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Our Management Approach

Introduction

Sustainability is the key driver of our strategy and a clear requirement for our long-term success. We approach sustainability holistically and our fundament in this work is based on robust, responsible business practices. We take into consideration all aspects of sustainability; environmental, social and economic. In our approach to sustainability work we choose our most material topics and create internal focus areas and programs around those. Materiality is defined through a double-materiality assessment process in cooperation with our stakeholders, which aims to identify our most important impacts, risks and opportunities. Our work is guided by the United Nations Sustainable Development Goals (SDGs) and thus contributes to the global sustainability agenda. Our commitments to the Kemira Code of Conduct, internationally defined sustainability principles, and stakeholder expectations, as seen in our strategy, corporate policies and integrated management system, show that sustainability for us is not only about being a good corporate citizen, but actively engaging in new business opportunities.

International Sustainability Principles, Commitments and Ratings

The United Nations Global Compact has been signed by Kemira Oyj since 2014 as our commitment to its 10 principles, to respect and promote human rights, implement decent work practices, reduce our environmental impact and combat corruption. Furthermore, Kemira works by the **United Nations Guiding Principles** which require companies to conduct due diligence to protect and respect human rights and remedy victims of business-related abuses.

Responsible Care® is a voluntary commitment by the global chemical industry to drive continuous improvement and achieve excellence in environmental, health and safety and security performance. Kemira was among the first companies in Finland to make the commitment to Responsible Care®. Through this framework, global chemical manufacturers commit to pursue an ethic of safe chemicals management and performance excellence worldwide. This helps to enhance public confidence and trust in the industry's dedication to safely manage chemicals throughout their lifecycle while ensuring that chemistry can continue to contribute to a healthier environment, improved living standards, and a better quality of life for all. Kemira is committed to operate according to the principles of Responsible Care®.

In 2022, Kemira committed to the Science-Based Targets initiative (SBTi). Climate change is the biggest challenge facing humanity and with this commitment we make sure that our climate action work is fact-based and aligned with the expectations of our stakeholders and of those the scientific community. We also joined the Renewable Carbon Initiative, which demonstrates our commitment to accelerate the industry shift from fossil carbon to renewable carbon and raw materials. In 2023, Kemira committed to the UN Forward Faster initiative and the Water Resilience area of action. With this commitment, Kemira wants be a solutions provider to water scarcity, reduce water risks and increase water resilience in its own and its customers global value chains.

Our stakeholders share an interest in our sustainability performance and thus Kemira is actively reporting to external rating offices to increase transparency around sustainability topics. The most important reporting platforms in 2023 have been the CDP Climate Change and CDP Water Security platforms, and as well as EcoVadis. The investor platforms ISS ESG, Sustainalytics and MSCI have evaluated Kemira's performance. In the majority of the survey results, Kemira is an average or above average performer compared to chemical industry peers.

Disclosure via the CDP increases transparency towards the investor community and value chain partners. In 2023, Kemira maintained the B score in the CDP Climate rankings. Kemira has been reporting to CDP Climate since 2010 and has received a score since 2012. We are committed to improving our management systems and increasing concrete action to mitigate climate change. Kemira received a B score in the CDP Water Security 2023 rankings. This is the third year that we received a score. Water Security reporting is of great importance to us since we have publicly committed to reach leadership level in this particular area by the end of 2025.

Disclosure via EcoVadis increases transparency toward value chain partners like suppliers and customers. In 2023, Kemira was awarded the Platinum rating by EcoVadis for the third year in a row. An improved score of 80 out of 100 (78/100 in 2022) placed Kemira among the top 1% of companies in the world. This shows our commitment to our value chain partners to increase transparency, keep sustainability high on the agenda and set an example for responsible corporate practices.

In 2023, MSCI also improved Kemira's rating to AAA, which places us amongst the top 5% of companies worldwide.

PLATINUM Top 1% 2023 ecovadis Sustainability Rating

KEMIRA RATINGS ARE ABOVE OR EQUAL TO THE CHEMICAL INDUSTRY AVERAGES.

ecovadis ISS ESG SUSTAINALYTICS MSCI CDP WATER CDP CLIMATE

Materiality and Stakeholder Engagement

IMPACTS, RISKS AND OPPORTUNITIES

The most significant environmental, social and governance related impacts, risks and opportunities are summarized below. A more detailed description of our business model and impacts can be found in our **Annual Review**, **Board of Directors Review**, and in the materiality section of this report.

Environmental impacts, risks and opportunities

Topics of highest materiality relate to water resources, resource use and circular economy, climate change, and biodiversity and ecosystems.

Our positive impacts come from water and wastewater management solutions, our strategic focus on renewable and recycled raw materials that we use to produce our products, and through the removal of hazardous substances.

Further opportunities also lie in increasing our positive water impacts and helping our customers become more sustainable through renewable, recycled and biodegradable products. In addition, improving our customers resource efficiency, for example through the use of water, raw materials, or energy, through our solutions is a major opportunity. Increasing our customers' circularity, which means recovering customers' resources or adding beneficial end-properties to products, is also considered an opportunity.

Negative impacts mainly relate to our upstream value chain, and those include our Scope 3 emissions and the resource intensity of our operations, e.g. the need for raw materials and water or caused pollution in the value chain. Main risks relate to the availability and price of renewable materials, the challenge of substituting materials, energy price volatility, or disruptions caused by extreme weather conditions.

Social impacts, risks and opportunities

Topics of the highest materiality are the working conditions of our own and our value chain workforce, highlighting specifically health and safety, well-being, and employment security topics. Also the safety of consumers and end-users is highlighted.

Our main positive impacts relate to the application of leading health and safety standards and to the contribution of clean and safe products for end-users. Positioning ourselves as an attractive and responsible employer also presents a major opportunity.

Identified negative impacts include possible health and safety risks related to employees and value chain workers, and other human rights issues such as non-compliance with responsible business practices in our upstream value chain.

Governance impacts, risks and opportunities

Topics of the highest materiality include supplier management, corporate culture and political engagement.

Our positive impacts relate to the economic impacts we have through generating revenue from our solutions for industrial uses in the pulp and paper, water treatment, energy and mining industries. We have a direct economic impact on suppliers and service providers through the payments we make for purchased goods and services, to employees through compensation and benefits, to capital providers through dividends and interest payments, to the public sector through taxes, and to society through local community projects, sponsorship and donations.

Our main opportunity is to preserve our good reputation and develop further our responsible business practices. Unethical business behavior could impact Kemira's reputation and thus financial position negatively.

STAKEHOLDER EXPECTATIONS

Our key stakeholders include our customers, shareholders, lenders, employees and suppliers. Other relevant stakeholder groups include contractors, authorities and legislators, competitors, unions and trade associations, research and academia, media, local communities and neighbours where Kemira operates, decision makers, opinion leaders, NGOs, governments, insurance partners and others.

- A significant share of our investors practice ESG Investing (Environmental, Social, and Governance). These ESG investor signatories represent ~22% of the ownership of Kemira shares (20% in 2022).
- Many of our customers are sustainability leaders in their respective industrial sectors. Kemira plays a role in their value chains, and we are expected to demonstrate the same strong commitment to sustainable business as our customers.
- Our employees see sustainable business conduct as an important factor behind their engagement with Kemira, according to our employee surveys.

Our approach to stakeholder engagement includes activities ranging from information sharing to active dialogue and collaboration on issues of mutual interest. We regularly review our stakeholders' expectations and potential concerns. The latest materiality assessment, which was a double-materiality assessment, was completed in 2023.

Kemira

Due to their effects or potential effects on Kemira's ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements (including ISO Standards), Kemira has determined:

- the interested parties that are relevant to its business and Management System.
- the requirements of these relevant interested parties.
- the risks and opportunities of these relevant interested parties.
- the response in place and the improvement plan when needed.

Kemira monitors and reviews information about the relevant interested parties and their specific requirements annually.

STAKEHOLDER ENGAGEMENT

List of stakeholder groups	Identifying and selecting stakeholders	Approach to stakeholder engagement	Key topics and concerns raised	Kemira's response
	Why is this stakeholder important to us as a company?	**How do we normally engage with this stakeholder?**	**What are their key concerns? 3 year horizon**	**What are our key mechanisms that help us address these concerns?**
Customers	• Our customers are Kemira's main source of value creation. • Our customers' expectations and needs drive our product portfolio and offerings.	• Direct customer contacts. • Customer webinars, events and newsletters. • Customer satisfaction measures. • Key drivers in customer satisfaction are the technical service, speed and proactivity, as well as our ability to offer new and sustainable solutions.	• Communication to customers about sustainability of products and Kemira's supply chain. • Transparency and reporting of sustainability efforts: performance and targets (incl. data collection and management), traceability of products, product environmental data. • Offer support to customers to become more sustainable, for example through the innovative products and services, circular end properties and partnerships • Reliable production flow. • Value beyond the tangible products e.g., services and digital solutions.	• R&D project portfolio management through stage gate process and sustainability checks. • Sustainable development in Product Development (e.g., use of circular and renewable solutions in product portfolio). • Product lifecycle management for all aspects of product safety. • Improve understanding of customer needs beyond current offerings. • Sustainability performance data, like Product Carbon Footprints, submitted on request. Certificates to prove product sustainability. • Systematic quality assurance processes (ISO 9001).
Shareholders and lenders	• Share of our value creation through dividends and interest payments. • Expectations for return on investment, good corporate governance practices and sustainability performance.	• Regulatory financial communications: financial reporting and stock exchange communication. • Regular events like roadshows, conference calls and one-to-one meetings.	• Overall management approach to sustainability issues - sustainability strategy and concrete measures and efforts supporting the agenda (such as science-based targets, transparency in reporting, transforming business portfolio). • Sustainable profitable growth and long-term returns. • Governance (e.g., diversity and inclusion). • Controversy management.	• Transparent and regular reporting and verified disclosure according to the GRI standards. • Participation in external reporting platforms like CDP Climate Change and CDP Water Security questionnaires. • Responding to rating company and investor questionnaires.

Kemira

List of stakeholder groups	Identifying and selecting stakeholders	Approach to stakeholder engagement	Key topics and concerns raised	Kemira's response
Employees	• Our employees' engagement, safety and well-being, integrity and competencies impact our value creation, operational and sustainability performance.	• Performance management and development process. • Regular Town hall meetings globally. • Co-operation with employee representatives. • Continuous listening and employee feedback. • Ethics and Compliance hotline and training. • Local well-being programs in all regions.	• Understanding Kemira's sustainability strategy and future direction, linking those to employees' work. • Clear and concrete proof of actions in the sustainability agenda and long-term targets setting, especially in mitigating climate change through greenhouse gas reductions (targets, progress, KPIs). • Ways of developing and maintaining competences for the future and mitigating cost increases (inflation, energy scarcity). • Product innovation. • Company and management diversity. • Health and safety (incl. well-being; mental health).	• Strategy and purpose communication and action planning. • Corporate sustainability programs. • Performance and development discussions. • Future leadership principles implementation. • Systematic competence development. • Team engagements on sustainability. • Rewarding and recognition. • Compensation management.
Suppliers	• Share of our value creation through payments for goods and services. • Suppliers' sustainability performance may impact our operational efficiency and business risks.	• Working closely with key suppliers to help them meet our performance and product expectations, and take corrective actions if needed, active supplier engagement.	• Safety remains important. • Environmental impacts needs to be managed properly throughout the upstream value chain. • Labor and human rights issues. • Ethics in value chain. • Sustainable products and services. • Climate emissions in the value chain.	• Suppliers are asked to commit to Kemira Code of Conduct for Business Partners. • Supplier sustainability assessments and audits performed. • Leading by example through high EcoVadis rating. • Supplier engagement relating to climate and other sustainability topics. • Sourcing sustainable raw materials.
Local communities	• Share of our value creation in the form of tax payments and employment. • Safety and environmental performance may impact the acceptance of our local presence.	• Dialogue and collaboration with local communities at major sites to ensure we understand and address their concerns. • Collaboration with schools and universities.	• Exposure to safety and environmental risks. • Employment opportunities.	• Environmental aspects and impacts and EHSQ risk assessments. • Regular and open dialogue with local communities (e.g. open-door days).
Regulatory bodies, trade associations, decision makers, NGOs and opinion leaders	• These stakeholders have the capability to influence or make political decisions on legislation with an impact on our operations and business.	• Memberships in industrial trade associations. • Subject-specific dialogue with regulatory bodies on national and regional level.	• Sustainability transformation, alignment. with global goals e.g. for climate change and biodiversity. • Resource efficiency in operations. • Chemicals safety. • Environmental impact management and mitigation.	• Actively participating in dialogue on EU directive proposals on sustainability and the chemical industry. • Participation in CEFIC. • Participation in the Chemical Industry Federation of Finland.

DETERMINATION OF MATERIAL TOPICS

Kemira conducted a rigorous double-materiality assessment to identify the most important sustainability topics and align these with the business strategy, and to comply with the upcoming Corporate Sustainability Reporting Directive (CSRD). Kemira is preparing to become CSRD compliant during 2024 and the coming years.

The double-materiality assessment was used to identify, assess, and prioritize the environmental, social and governance-related sustainability impacts, risks, and opportunities of the business as well as create insight to steer action for future success by aligning business strategies, targets, and governance accordingly.

Kemira's double-materiality assessment was conducted between June and November 2023. The assessment covered the entire Kemira value chain, including own activities as well as activities in the upstream and downstream value chain.

The assessment was coordinated by an external sustainability subject matter expert. The Kemira team participated actively through the entire process. Stakeholders were engaged through interviews and workshops. Key internal stakeholders were Business Segments, Supply Chain, Sourcing, Manufacturing, Product Lines, Commercials, Legal, Human Resources, Ethics, Compliance and Risk, Environmental, Health, Safety, Quality, (EHSQ), Corporate Sustainability, Finance, Business Control, Treasury and Corporate Strategy. From external stakeholders the focus was on customers and investors. Customer interviews were performed in both Business Segments (Pulp & Paper, Industry & Water), comprising five customer interviews in total, distributed evenly across regions. Two investors were interviewed. Interviews from the previous materiality assessment completed in the beginning of 2022 were also utilized, covering both customer and investor stakeholders.

The methods used for the assessment were

- Desk studies based on Kemira internal materials (annual reports, strategy materials, assessments of environmental and human rights risks and impacts, surveys from customers and workforce) complemented by the identification of typical industry impacts, risks and opportunities through industry benchmarks.
- Internal working sessions to discuss materiality analysis and potential impact.
- Interviews with 26 internal experts and 7 external stakeholders.
- Internal workshops to assess impact and the financial materiality of the sustainability topics.
- The results were reviewed and validated with the relevant Kemira governance bodies.

The assessment criteria used included a 1-5 scoring range for both impact and financial materiality. The scoring is based on the more detailed estimate of severity and likelihood (actual or potential). The scale was minimal (1), informative (2), important (3), significant (4) and critical (5). This scale resembles the scale used in Kemira enterprise risk management process. The topics were considered for the entire value chain, including own operations, upstream and downstream, not limited to contractual relationships. Three different time horizons were considered, short-term (1 year), medium-term (1-5 years) and long-term (over 5 years). Medium-term was considered as a baseline in the assessment. For the impacts, risks and opportunities it was considered whether these would increase or decrease when viewed as either short- or long-term. During the upcoming years the double-materiality process is planned to be aligned and integrated into Kemira strategy- and enterprise risk management processes.

Impact materiality was scored for severity and likelihood, both positive and negative impacts were scored. The severity consisted of a qualitative assessment of scale, scope and irremediability of actual and potential impacts. Scoring 1 (very low) and 5 (very high). If impact was potential, a likelihood was assessed, scoring it from 1-5, 1 (very unlikely) and 5 (actual).

Financial materiality was scored for both the scale of potential impacts and their likelihood, considering both risks and opportunities. The size of the potential financial impact was scored from 1-5, 1 (very low) and 5 (very high). Likelihood was scored from 1-5, 1 (very unlikely) and 5 (actual).

The assessment was performed in 6 phases:

1. Setting the ambition and designing the process
2. Making hypothesis of potential topics
3. Engaging stakeholders
4. Deep-diving into impact and financial materiality
5. Validating and finalizing the outcomes
6. Integrating double-materiality in management practices

Setting the ambitions and designing the process: The aim of this collaborative phase was to design a double-materiality assessment and stakeholder engagement process that fits with Kemira's context. A kick-off meeting was organized to decide how to conduct the materiality assessment and to ensure that the necessary stakeholders would be available.

Making hypotheses on potential topics: The aim of this phase was to make a hypothesis on topics that are material or could become material across the value chain based on Kemira's existing information and materials, as well as an external analysis of typically material industry topics. This allows for deep-diving into the topics with stakeholders, both internally and externally. The topics were chosen based on the ESRS standards topic division.

Engaging stakeholders: The aim of this phase was to engage stakeholders to provide further insight on their sustainability impacts, opportunities and risks. The results of the stakeholder engagement were analyzed to be utilized in the assessment of impact and financial materiality.

Deep-dive to impact and financial materiality: This intensive phase involved creating insight on and unpacking the impacts and financial materiality across the topics. This encompassed identifying and assessing (1) sustainability matters that concern the company's actual or potential, positive or negative material impacts on people or the environment and (2) risks or opportunities that have a material influence on the company's cash flows, development, performance, position, cost of capital or access to finance.

Validate and finalize the outcomes: In this phase, the findings were validated, and the materiality assessment was packaged in a well-documented and high-quality format which discloses not only the impacts, risks, and opportunities, but also the process. After validation was done the results were discussed and approved by the Management Board, during which also the threshold for materials topics was discussed and approved. Threshold will become visible in the financial year 2024 reporting.

Integrating double-materiality into management practices: The double-materiality assessment was Kemira's first of its kind, and during the upcoming years, fulfilling CSRD requirements, the organization plans to investigate how to connect the double-materiality assessment to risk and strategy processes. Further, the Kemira's sustainability framework and attached programs will be revised based on the double-materiality assessment results during 2024, and the target and KPI deck of organizational sustainability targets will also be reviewed. Further the mitigation of identified negative impacts and risks and taking advantage of the identified positive impacts and opportunities will be assessed.

Besides these steps, the assessment also decides on which topics are material enough to be reported in the upcoming CSRD reporting for the financial year 2024. Based on the double-materiality assessment results, a threshold will be decided on to narrow down to the most material topics to be reported under the new EU reporting regulation. The threshold for the financial year 2024 reporting will be decided during 2024 and reported in the first Kemira sustainability report prepared, according to the CSRD regulation and published in the beginning of 2025.

MATERIALITY RESULTS

The double-materiality assessment results are visualized in the attached graph. The graph describes positive and negative impacts, risks and opportunities and the scoring of these. The main topics are based on the Corporate Sustainability Reporting Directive (CSRD) European Sustainability Reporting Standards (ESRS) methodology with the most significant environmental, social and governance topics.

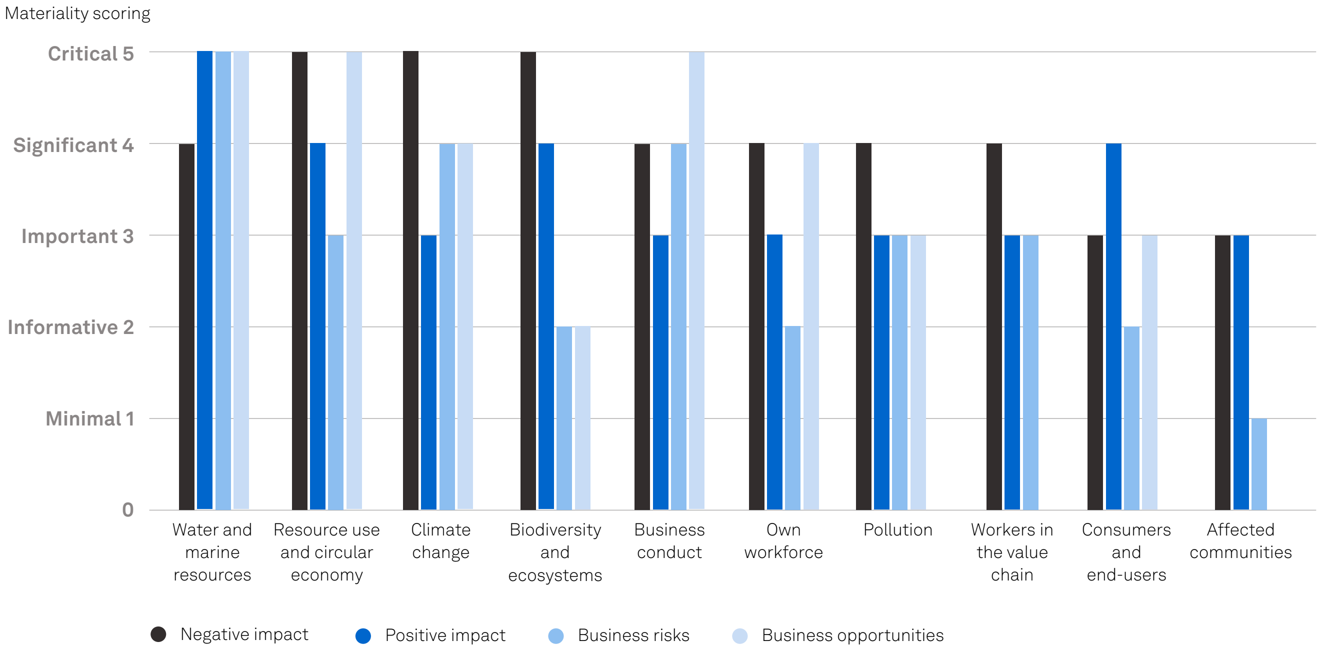
Kemira's previous materiality assessment from the beginning of 2022 highlighted circularity, water and wastewater, climate change and safety as the most important topics to focus on. The new double-materiality assessment highlights similar topics, but new ones have also grown in importance.

For Kemira, water is still one of the most important topics. Considering Kemira's strategic focus on chemistry and digital services-based clean and safe water solutions for drinking and wastewater, this is well-aligned with our strategic ambitions. Resource use and circular economy also score very high, which is well-aligned with Kemira's strategy to grow in renewable and recycled solutions and to provide solutions that improve resource efficiency to our customer segments. Climate change also scores high since Kemira's use of materials and energy results in identified and value-chain-widely measured climate impacts. Thus Kemira has committed to the Science-Based Targets initiative in 2022 to mitigate climate impacts throughout the value chain.

Biodiversity and ecosystems is not a new topic to Kemira, but the importance of the topic is growing as our maturity and understanding of the topic grows. Business conduct and own workforce are important topics that Kemira has been focusing on already for years. Kemira is a global company with a wide range of stakeholders and a workforce of around 5,000 people, thus these topics become significant for Kemira.

The results reflect well Kemira's existing sustainability program, but also highlight topics that could be considered to be emphasized more going forward. These are clearly topics where Kemira can have a significant impact towards which Kemira has developed already long-term targets. The result of the analysis reflects Kemira's business operations and strategic ambitions well. The results will contribute to a sustainability program update during 2024.

DOUBLE MATERIALITY SCORING
NEGATIVE AND POSITIVE IMPACTS, BUSINESS RISKS AND OPPORTUNITIES



Strategy, Governance and Policies

WHAT SUSTAINABILITY MEANS TO US

Sustainability is a key driver of our strategy and a requirement for our long-term success. It is present in how we manage our own operations and create value for our customers. We also expect our partners to commit to sustainable operations. We want to use our chemistry expertise to find solutions and contribute to a sustainable and prosperous society.

Sustainability is a broad topic and work is done throughout the organization to improve the company sustainability performance and become better every day, as we state in our purpose. Everything starts with responsible business practices, which are the fundament for all sustainability work. Through the double-materiality process, and mirroring with our strategic ambitions, we choose focus areas that are the spearheads of Kemira sustainability and build the corporate sustainability program around those. We also link these spearheads to the most relevant Sustainable Development Goals, to connect our work with global sustainability ambitions. Ambitious targets and KPIs have been created to support our work and set the level we want to achieve.

PURPOSE AND STRATEGY

Chemistry with a purpose. Better every day.

Become the leading provider of sustainable chemical solutions for water-intensive industries.

Our own sustainability fundamentals and strategy	What we can do for our customers	Our own product portfolio

	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	6 CLEAN WATER AND SANITATION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
FOCUS AREAS	**Safety**	**People**	**Water**	**Circularity**	**Climate**
KPIS AND TARGETS	TRIF 1.5 by the end of 2025 and 1.1 by the end of 2030	Inclusion index industry top 10% by the end of 2025	Water Management target to Leadership level by the end of 2025 (CDP)	Disposed production waste intensity reduction by 15% by the end of 2030; Renewable solutions revenue growth to 500 M€ by the end of 2030	Scope 1&2 emissions reduction by 50% by the end of 2030
PROGRAMS	**Safety**	**Diversity, Equity & Inclusion**	**Nature stewardship**; **Positive impact portfolio, Strategic priorities**	**Climate action**; **Positive impact portfolio, Strategic priorities**	

RESPONSIBLE BUSINESS PRACTICES

Health & Safety, Employees, Kemira Values, Water & Wastewater, Materials, GHG emissions, Digital & analytics technology, Critical incident risk management, Diversity, Equity & Inclusion, Pollution prevention, Leadership Principles, Circular economy, Energy, Waste, Human rights, Water handprint, Carbon handprint, R&D, Supporting customers to become more sustainable, Environmental compliance, Product design for sustainability, Innovation & Partnerships, Product stewardship, Sustainable supply chain & sourcing, Biodiversity, Business ethics

SDGS, FOCUS AREAS AND PERFORMANCE INDICATORS

Our sustainability priorities are based on the most material impacts of our business model, on the increasing expectations of our customers, investors and other stakeholders, and on our commitment to the Kemira Code of Conduct and internationally defined sustainability principles.

The global shared ambition to build a sustainable world is articulated in the UN Sustainable Development Goals (SDGs). These offer us a common framework through which to evaluate how Kemira currently contributes to these goals and how we can further develop to make an even bigger impact in the future. We have chosen four SDGs to focus on. SDG number 8; Decent Work and Economic Growth, represents our focus on social and economic sustainability. Three of the SDGs describe our focus on important environmental sustainability topics, these are SDG number 6; Clean Water and Sanitation, SDG number 12; Responsible Consumption and Production and SDG number 13; Climate Action. The chosen SDGs best reflect our most material topics.

We have chosen to build our corporate sustainability program around the prioritization of five sustainability themes that best match our businesses and customer segments. These are also the five themes where we can make the biggest difference: by reducing our negative impacts and increasing our positive impacts, by mitigating our main risks and taking advantage of our biggest opportunities. In this way we can contribute the most to achieving the UN SDGs. These five themes are: Safety, People, Circularity, Water and Climate.

TOP MATERIAL TOPICS ALLOCATED TO MANAGEMENT BOARD MEMBERS

Our priority focus areas	Top material topics identified in the double-materiality assessment (ESRS standards)	Management Board Champion
SAFETY	• Working conditions for own workforce. • Working conditions for workers in the value chain. • Substances of very high concern. • Personal safety of consumers and-/or end-users.	EVP, Operational Excellence & Sustainability
PEOPLE	• Working conditions for own workforce. • Equal treatment and opportunities for all. • Work-life balance. • Corporate culture.	EVP, Human Resources
WATER	• Water consumption. • Water withdrawals. • Water discharges. • Water discharges in the ocean.	Segment Presidents EVP, Operational Excellence & Sustainability Chief Technology Officer
CIRCULARITY	• Resource inflows, including resource use. • Resource outflows related to products and services. • Waste.	Segment Presidents EVP, Operational Excellence & Sustainability Chief Technology Officer
CLIMATE	• Climate change adaptation. • Climate change mitigation. • Energy.	Segment Presidents EVP, Operational Excellence & Sustainability Chief Technology Officer
OTHER	• Political engagement. • Management of relationships with suppliers including payment practices. • Direct impact drivers of biodiversity loss. • Impacts and dependencies on ecosystem services.	Chief Communications Officer* EVP, Operational Excellence & Sustainability

* Not a member of Management Board, but responsible for Political engagement and reports directly to CEO.

kemira

ANNUAL REVIEW

SUSTAINABILITY REPORT

CORPORATE GOVERNANCE

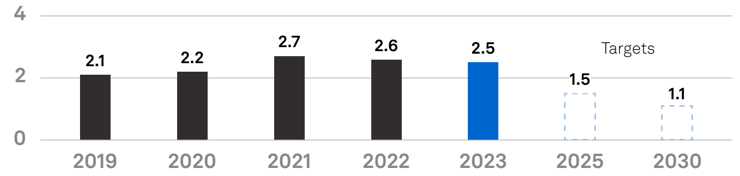
FINANCIAL STATEMENTS

FOCUS AREAS AND PERFORMANCE INDICATORS

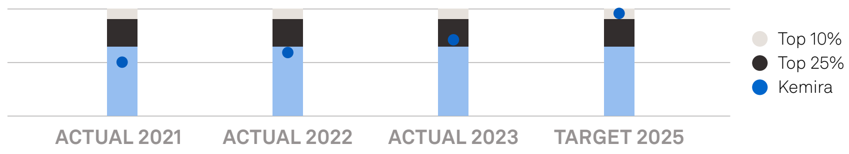
SDG	FOCUS AREA	KPIS AND TARGETS
8 DECENT WORK AND ECONOMIC GROWTH	**SAFETY** We prove that a safe business is a sustainable business. Safety of people, products, processes and environment is the foundation of everything we do.	**KPI:** TRIF = total recordable injury frequency per million hours, covers both Kemira employees and contractors working at Kemira owned and customer sites. **Target:** TRIF 1.5 by 2025 and 1.1 by by the end of 2030.
8 DECENT WORK AND ECONOMIC GROWTH	**PEOPLE** Our employees drive our sustainability transformation. A diverse and inclusive culture enables us all to bring our best selves to work every day.	**KPI:** Kemira Inclusion index to Glint top 10% cross industry norm. **Target:** Reach Glint top 10% cross industry norm by the end of 2025. In 2023, Kemira reached top 25% and gap to top 10% cross industry is 2 points.
6 CLEAN WATER AND SANITATION	**WATER** We believe in clean water and sanitation for all. Our actions set the example for world-class water management.	**KPI:** Improve water management. **Target:** Improve water management to Leadership level based on CDP Water Security scoring methodology by the end of 2025.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**CIRCULARITY** We set sustainability at the center of every design. Our sustainable chemistry and digital solutions accelerate the circular- and bio-economies.	**KPI:** Disposed production waste intensity. **Target:** Reduce disposed production waste intensity by 15% by the end of 2030. Baseline is 2019 at 4.6 metric tons of waste per thousand metric tons of production and target is 3.9 by the end of 2030. **KPI:** Renewable solutions revenue **Target:** Revenue from renewable solutions >500 million EUR by the end of 2030. 2020* baseline is 184 million EUR.
13 CLIMATE ACTION	**CLIMATE** We reduce our climate impact throughout our value chain. Clean energy and processes will support our ambition to be carbon neutral by the end of 2045.	**KPI:** Scopes 1 and 2 emissions. **Target:** -50% from 2018 Scope 1 and Scope 2 emissions by the end of 2030. 2018 baseline 930 kt CO_2 equivalents (CO_2e) **Ambition:** to become carbon neutral in Scope 1 and 2 emissions by the end of 2045. Kemira committed to the Science-Based Targets initatives in 2022 and the target are sent for validation in June of 2024.

PERFORMANCE

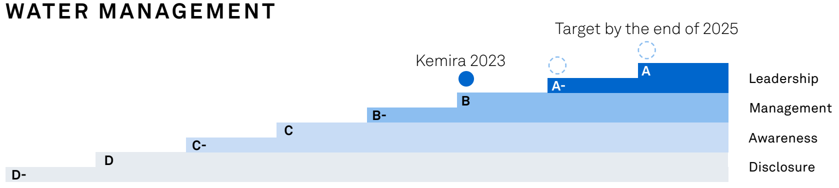
TRIF



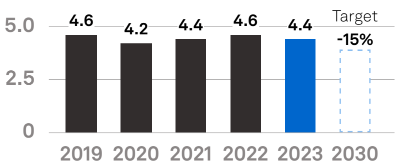
INCLUSION INDEX



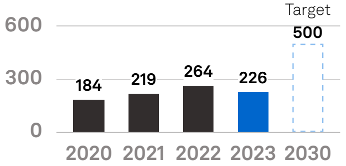
WATER MANAGEMENT



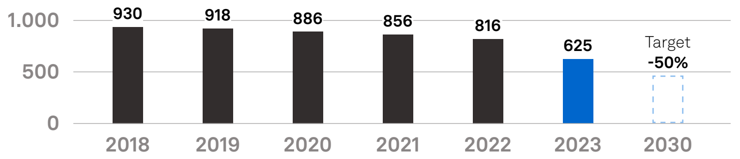
WASTE INTENSITY



RENEWABLE SOLUTIONS REVENUE



GHG EMISSIONS



* Re-baselining of renewable solutions revenue target done due to improvement of data and update of calculation methodology.

GOVERNANCE

The Shareholders' General Meeting, 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 Companies Act and Kemira's Articles of Association. The President & CEO is assisted by the Management Board, which is a non-statutory management body. More detailed information on Kemira's governance can be found in the **Corporate Governance Statement**.

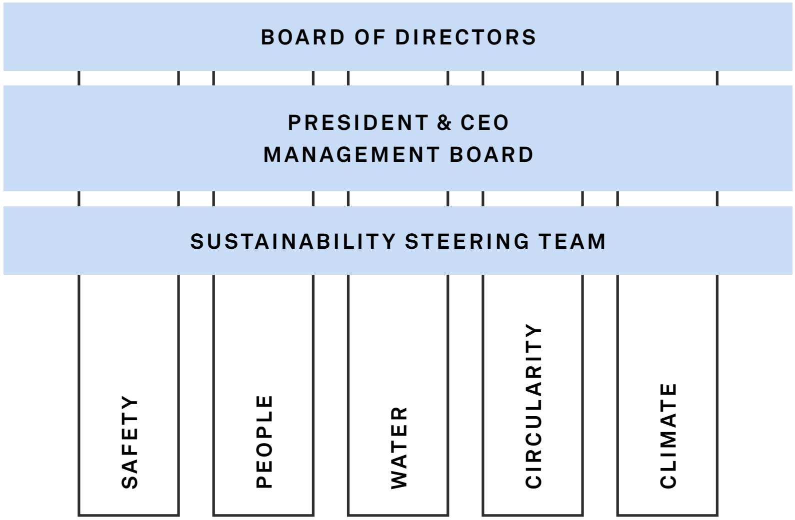
The Board of Directors' key duties include establishing Kemira's long-term goals and the main strategies for achieving them, and are described in detail in the **Corporate Governance Statement**. Sustainability being a key driver of Kemira's strategy also brings many sustainability-related topics to the Board of Directors' decision making, with the Board of Directors being responsible for approving Kemira's values, the sustainability targets and the Sustainability Report. The Board of Directors has appointed two Committees to assist in fulfilling its responsibilities: 1) The Audit Committee assists in oversight responsibilities for e.g., non-financial (including economic, environmental and social topics) reporting process. 2) The Personnel and Remuneration Committee assists in preparation of matters related to for example compensation linked with sustainability KPI elements.

The President & CEO is responsible for managing and developing Kemira in accordance with the instructions and guidance given by the Board of Directors and for implementing its decisions. The President & CEO reports to the Board of Directors on financial and non-financial matters, the business environment, and other significant topics, including environmental and social topics.

The Management Board is an operative management body that is responsible for securing the long-term strategic development of the company. Kemira measures progress in the sustainability priority areas through group-level key performance indicators (KPI) and targets that are approved by the Board of Directors. Responsibility for individual corporate sustainability targets is shared between the members of the Management Board.

The Sustainability Steering Team is a senior management level team under the Management Board, which steers a variety of sustainability-linked programs, that are dedicated to the most material sustainability topics of the corporate sustainability program. The main tasks of the Sustainability Steering Team is to prepare proposals to the Management Board about developing Kemira corporate sustainability strategy, vision and ambition, to steer chosen corporate sustainability-related programs, which includes follow-up of near- and long-term plans and roadmaps, and to report annually on the development of corporate sustainability to the Management Board and Board of Directors. The Sustainability Steering Team ensures the development, implementation and follow-up of sustainability as part of daily business operations. Active programs steered by the Sustainability Steering Team are Climate Action (climate target), Nature Stewardship (water and waste targets, biodiversity development), Positive Impact Portfolio (supporting the renewable solutions revenue target) and Diversity, Equity & Inclusion (inclusion index target). The Safety program and Strategic Priorities are steered by the Management Board.

The Director of Corporate Sustainability is responsible for the corporate-level sustainability program and its development, for coordinating related reporting activities, assisting the organization and its leadership to stay ahead of most recent sustainability-related trends, supporting the company to identify and build relevant competences and ensuring that relevant management processes relating to material corporate sustainability topics are being developed and implemented as part of Kemira strategy and integrated management system. The Director, Corporate Sustainability also facilitates the collaboration of the Sustainability Steering Team.



Remuneration and sustainability: To keep sustainability transformation high on the agenda and drive profitable growth, the key priorities are reflected in the incentive programs. Kemira has both a long- and short-term incentive plan for selected individuals of the company management. Safety has been a KPI of the short-term incentive plan for several years. Renewable solutions revenue and the climate target for Scope 1 and 2 have been included in the long-term incentive plan since the beginning of 2023.

The aim of the long-term incentive plan is to combine the objectives of the shareholders and the persons participating in the plan to increase the value of Kemira, to commit the participants to Kemira, and to offer them a competitive reward plan. In 2024, Kemira will continue to execute its growth strategy.

In addition to financial targets, sustainability targets are incorporated in the two latest performance periods (2023–2025 and 2024–2026) of the long-term incentive program, and the short-term incentive program 2024 includes a new target on strategic revenue growth. More information on remuneration can be found in the **Remuneration Report.**

Diversity of governance bodies is reported in the Diversity, Equal Opportunity and Inclusion section in the Sustainability Report and in the **Corporate Governance Statement.**

POLICIES

The Code of Conduct is the foundation for doing business in the right way and functions as an umbrella commitment for the entire company. The Kemira Code of Conduct is approved by the Auditing Committee of the Board of Directors. Global policies are in many cases extensions of the Code of Conduct commitments, where we elaborate further on those and make them more understandable for the organization and stakeholders. All policies are approved by the Management Board and have a dedicated owner. Policies are prepared in respective functions within the company.

The segments are guided by policies and standards defined by global functions. Global functions are responsible for developing policies, standards and tools related to their respective functional areas on a global basis. Such policies and processes are complied with throughout the company. Functions also have representatives in each geographic region. Regional organizations ensure that the global policies and standards are implemented and adhered to in the regions. They are also responsible for supporting the business locally in the region.

The policy commitments become visible in the organization through e.g., strategic target setting, like the sustainability-related targets covering safety, people, water, circularity and climate topics. The enterprise strategy and risk management processes identify risks and opportunities in relation to the policy statements and specific impact assessments are made for example for human rights issues. Our commitments are also visible through our management processes in terms of for example, our carbon pricing and sustainability criteria for CapEx investments, the sustainability due diligence assessment in mergers and acquisitions documents, sustainable sourcing programs, product safety work and the research and development stage gate process with sustainability checkpoints. Besides these, we create task groups for specific topics, like the focus area-based sustainability programs or the Human Rights Council, which is a cross-functional group developing and discussing Kemira human rights practices.

Kemira maintains internal control systems 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. More details on this can be found in the **Corporate Governance Statement.**

Grievance mechanisms: It is our intention to promote and maintain the best possible relationship with our stakeholders and we regard it as essential to provide effective procedures for the rapid resolution of differences and disagreements. Kemira offers various channels to report grievances and is committed to dealing with such reports promptly and fairly. Some of the channels and mechanisms are local, varying from country to country, some are regional or global. Examples of these mechanisms are:

- Employee-related complaints and appeal procedures vary from country to country depending on the local employment law and practices, such as the structure of employee representation through unions and collective bargaining agreements. Kemira has employees in nearly 40 countries, across which a wide variety of mechanisms are in place.
- Our global Ethics and Compliance hotline (whistleblower mechanism) which is available both internally and externally for our business partners.
- Global customer service and customer complaint process directed to customers.
- Internal SNOW portal for reporting GDPR-related breaches.
- Cooperation with local authorities in cases of breaches of environmental permits.
- Regional and country-specific grievance tools.
- Global vendor complaint system.

Precautionary principle: In Kemira we have different mechanisms, processes and procedures to identify, prevent and mitigate negative impacts.

Precautionary actions:
- Existing regulations create the basis for this principle (e.g., within the EU Green Deal soil regulations and SEVESO and other comparable regulations in other regions where we operate).
- Risk assessment processes comprise basic precautionary actions across all Kemira activities.
- The principle in question is applied to site-level projects, for example by utilizing Best Available Technology principle and Capital Project Management guidance. Regarding prevention we pursue the identification of critical equipment and active precautionary maintenance among others.
- In addition to other guidance, we also have sustainability related assessments and carbon price for capital expenditure projects.
- The principle is used in the New Product Development process where product properties are secured, product sustainability is considered from many different angles, and chemical safety is evaluated.
- In people safety, the principle is taken into action through operative risk assessments, safety standards and instructions. Risk assessment of chemical exposure, needed protective measures, and medical evaluations of personnel are also concrete measures.
- Concerning the environment, the principle is most visible through manufacturing sites' guidance on spill prevention and other process precautionary measures.
- Internal and external audits and authority controls ensure that the precautionary measures are in place.

Mitigation:
- Corporate risk assessment processes identify high/medium risk items to be mitigated and controlled via the risk assessment review process.
- Emergency response and crisis management processes are first response activities in case of incident and accidents, but also in case of business interruptions. To ensure continuous improvements, we conduct a root cause analysis to identify improvement and corrective actions.
- Liability site management is one critical mitigation measure for soil contamination in both existing and closed manufacturing sites.

Key policies	Policy owner	Description of main policy commitments	Level of approval and publicity: Board of Directors	Level of approval and publicity: Management Board	Level of approval and publicity: Publicly available	Level of approval and publicity: For internal use	Application to company activities and communication
Code of Conduct	Group General Counsel	Kemira Group Code of Conduct is the foundation for doing business the right way. The Code reflects Kemira's values and the principles set out in the OECD Guidelines for Multinational Enterprises. The Code of Conduct includes 19 statements covering commitments to work community, customers, suppliers, markets, society and investors. Commitments relate to economic, environmental, people and human rights topics. More information on the specific human rights commitments can be found in the human rights section in the Sustainability Report. Available in 19 languages.	x		x		1) 2) 3)
Code of Conduct for Business Partners	Head of Global Sourcing	Document reflects Kemira's values and the principles set out in the Kemira Group Code of Conduct. Available in 19 languages.		x	x		2) 7)
Product stewardship policy Trade Compliance policy	Head of Product Stewardship and Regulatory Affairs	Compliance with chemical regulatory requirements, to assess human health and safety and environmental protection aspects, identify and manage chemical risks and to share information about the above mentioned themes. To protect human health and safety with different measures. Main stakeholders considered are employees and customers. Compliance with laws and regulations regarding exporting and importing of products; compliance with international trade sanctions.		x		x	1) 4)
Sustainability Policy	EVP, Operational Excellence & Sustainability	Safe working conditions, preventing incidents, respecting human rights in operations, diversity, equity and inclusion, protecting the environment, enabling circular economy and protecting biodiversity. Main stakeholders are our employees and value chain partners. Available in several languages.		x	x		1) 3)
Sourcing and Procurement Policy	EVP, Operational Excellence & Sustainability	All activities being aligned with Kemira CoC, company values and sustainability goals, key supplier selection and supplier risk assessment criteria including sustainability performance both in social and environmental topics. Social sustainability performance expectations mainly regarding our upstream value chain partners.		x		x	1) 4)
Logistics and Transportation Policy	Head of Global Supply Chain Management	Transportation and chemical safety, minimization of environmental impacts on transportation operations and sustainable logistics. To provide safe working conditions in supply chain and reduce environmental impacts. Main stakeholders are suppliers, employees and customers.		x		x	1) 5)
Recruitment Policy	EVP, Human Resources	In all recruitments respect of diversity, equal opportunity, and treatment regardless of race, color, gender, sexual orientation, creed, political persuasion, age, social status, origin or any status protected under the laws, respect of fundamental human rights and no use of any form of forced or child labor. Particular attention is given to own employees and subjects of recruitment, which are also the main stakeholders.		x		x	1) 6)
Global Competition Law Compliance Policy Gifts, Entertainment and Anti-Bribery Policy	Group General Counsel	Fair and ethical competition, within framework of applicable laws. No anti-competitive activities. Zero tolerance towards bribery and corruption.		x		x	1) 4)
Tax Policy	Chief Finance Officer	Conducting our business in compliance with all applicable tax, customs and transfer pricing laws and regulations and according to high ethical standards.		x		x	1) 4)
Sponsorship and Donation Policy	Chief Communications Officer	Securing that our sponsorship activities are aligned with Kemira strategy. Supporting initiatives to innovate sustainable solutions that create a better everyday for us all and support initiatives for building good relationship with communities in which we operate.		x		x	1) 4)

1) This policy applies to all organization activities.
2) This policy applies to business partners.
3) Mandatory training for all employees.
4) Mandatory training for selected employees.
5) Optional training for selected employees.
6) Training for employees responsible of recruitment and for hiring managers.
7) Mandatory approval of business partners.

Integrated Management System

Globally, we aim to bring together all of our operations under the Kemira Integrated Management System. The Kemira Integrated Management System defines the way our organization is working through the set of policies, standards, procedures and processes. It also defines the requirements and accountabilities at each level of the organization.

Conformance to the Integrated Management System and compliance to regulatory requirements are ensured by regularly monitoring the performance indicators and by conducting internal and external audits and management reviews. In 2023, all internal and external audits were completed fully and in a timely manner.

The management reviews are performed at all levels of the organization, from manufacturing to regional management and the Management Board.

Kemira has a principle that all operations under our Integrated Management System meet the international standards ISO 9001:2015 for Quality, ISO 14001:2015 for Environment, and ISO 45001:2018 for Occupational Health and Safety. All three R&D sites (Atlanta, Espoo and Shanghai) are ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certified. Our share of certified sites has improved from 90% to 94% from 2022, due to three manufacturing sites receiving their first ISO certification. Kemira's Energy Management System is certified according to ISO 50001:2018 for selected EMEA sites. Our Integrated Management System is externally audited through a three-year audit cycle. In 2023, 73 internal and external audits (Management Systems, Process Safety, Energy, Transportation, EHS Legal Compliance, Sustainability) were conducted, including manufacturing sites, major office locations and R&D centers.

NUMBER OF LOCATIONS (MANUFACTURING SITES, MAIN OFFICES AND R&D) CERTIFIED IN 2023

	EMEA	Americas	APAC	Total*
ISO 9001:2015	36	21	10	67 (94%)
ISO 14001:2015	36	21	10	67 (94%)
ISO 45001:2018	36	21	10	67 (94%)
ISO 50001:2018**	6			

*Kemira has a total of 71 locations including: 60 manufacturing sites, 3 main offices and 3 R&D centers.
**ISO 50001 certification is only for selected EMEA sites.

INTEGRATED MANAGEMENT SYSTEM

KEMIRA'S MANAGEMENT APPROACH TO SUSTAINABILITY (NON-FINANCIAL) MATTERS

	Environmental and climate-related matters	Social and employment-related matters	Respect for human rights	Anti-corruption and bribery
International frameworks covering all topics	United Nations Sustainable Development Goals (SDGs) United Nations Global Compact United Nations Guiding Principles on Business and Human Rights Responsible Care®			
Code of conduct	Code of Conduct Code of Conduct for Business Partners			
Policies and standards	Sustainability policy EHSQ standards and processes Logistics and transportation policy and processes Sourcing and procurement policy			• Global competition law compliance policy. • Gifts, entertainment and anti-bribery policy. • Trade compliance policy. • Investigation procedure. • Audit Committee Charter.
	• Product stewardship policy.	• Product stewardship policy. • Trade compliance policy. • Recruitment and compensation policy. • People and HR processes. • Sponsorship and Donation Policy	• Recruitment and compensation policy. • Statement for slavery and human trafficking. • Statement on conflict minerals. • Investigation procedure. • Audit Committee charter.	
Hazards and Risks	• GHG emissions (Scopes 1, 2 and 3), water withdrawal, disposed waste, and spills and chemical releases. • Climate change adaptation related operational risks throughout the value chain. • Non-compliance with legislation and regulations may result in fines, creating reputational and business risks. • Reputational or financial risk if products are not proven to be safe, guidance for safe use is not communicated or if employment and engagement are poorly managed. • Ability to meet new environmental expectations with products and services. • People related health and safety hazards and work related incidents, illnesses and well-being. • Competences related to chemical risks (physical and chemical), own work processes. • Risk of not being able to attract talented people to the company.		• Potential violations of human and labor rights and unethical business practices can impact Kemira's reputation and thus financial position. • Main human rights risks relate to production and raw material sourcing of suppliers and supply chain partners, health and safety at own sites, and the impacts of utilizing fossil fuels.	• Risk that Kemira internal organization engages in bribery or other forms of corruption. • Risk that third-parties acting on behalf of Kemira engage in bribery or other forms of corruption. A third-party is anyone with whom Kemira interacts and who sells, resells, or assists Kemira in selling Kemira's products to customers.
Risk / hazard management	• Risk are effectively managed through the existing integrated management system and continuous risk identification and mitigation processes. • Environmental, health and safety and quality activities are documented and managed in line with ISO 9001, 14001 and 45001 standards including certification of majority of the activities. Incident and crises management – systems. • Carbon price and sustainability criteria included in CapEx investments, sustainability due diligence assessment in mergers and acquisitions process. • Compliance with the chemical regulations is ensured by complying with Product Stewardship and Regulatory Affairs processes incl. priority substance management. • Performance and development process (PDD) conducted and documented for all employees. Learning solutions and development paths available. Talent management activities targeted to specific job roles and positions. • Continuous listening and employee feedback with MyVoices Pulse surveys in place. • Kemira's New Product Development (NPD) and product lifecycle management processes are followed. • Ethics and compliance Hotline (whistleblower mechanism) for raising a concern or reporting potential misconduct. • Supplier sustainability assessment and audits globally. Mandatory Code of Conduct and Human Rights for Business trainings and anti-corruption training. Supplier segmentation and prioritization by value/criticality/risk. • Behavior-based safety program. • Reporting system in place for violations of Code of Conduct. • Human Rights impact assessment carried out, latest in 2021. • Identity and age checks during hiring process and annual internal country level verification of compliance.			• Continuous communication and training on Kemira's policies. • Due diligence in reviewing and selecting third-parties who act on behalf Kemira. • Requirement that third parties commit to Kemira's Business Partner Code of Conduct. • Screening of all business partners to identify denied and blocked persons. • Ethics & Compliance Hotline and email for reporting suspected breaches of law or Kemira's Code of Conduct internally or externally. Reported allegations are subject to confidential and impartial internal investigation.

	Environmental and climate-related matters	Social and employment-related matters	Respect for human rights	Anti-corruption and bribery
Due diligence processes	• Compliance verification against existing Kemira, legal and other EHSQ requirements and talent development are managed through Global internal and external auditing and annual Global reporting processes. Audits and identified non-conformities are registered, assessed and managed in a global system ensuring Global visibility and compliance assurance. • Compliance with the chemical regulations followed / audited by external authorities and audited internally and externally by Kemira. • Sustainability assessment in mergers and acquisitions process to identify risks and opportunities. • Sustainability criteria in CapEx investment projects, included with internal carbon price. • Kemira's New Product Development (NPD) process and individual NPD projects as well as short-term technical assistance request (TAR) process are managed by global internal and external auditing. • Audits and identified non-conformities are registered and managed in a global system. • In human rights issues, reporting to Audit Committee of Board of Directors. • Suppliers are required to accept Kemira's Code of Conduct for business partners. Kemira also constantly monitors, assesses and audits its supplier base by performing periodic checks either through routine processes or annual internal audits by competent sourcing members. Based on conducted assessments prioritized suppliers are invited to take a more detailed assessment or audit.			• We review and vet all new agents and distributors who will act as third-parties for Kemira. The review and vetting are based on a risk level assessment which determines which diligence activities are required when selecting and onboarding a new third-party. After the due diligence activities, new third-parties are subject to approval according to a risk level-based approval matrix. • Kemira's Ethics & Compliance Committee coordinates investigations of internally or externally reported alleged violations of anti-bribery and anti-corruption laws. The Committee may escalate a matter to the President & CEO, and the Committee reports to the Audit Committee of the Board of Directors.
Outcomes of policies and due diligence processes	• Operations meet legal requirements. Kemira is ready to meet global existing and foreseen challenges. • New products with smaller environmental footprint, better chemical safety profile and providing customers with resource efficiency-improving properties and circular solutions. • Sustainability long-term targets to 2025-2030 relating to water, waste, emissions, energy, diversity and inclusion and growing the renewable raw materials-based products portfolio. • Health and safety program to reach zero harm to people. Reduced risks on human health and environment. • Competences Development Program for key target groups and statutory and role-based on-the-job learning for employees on professional and leadership development. • Human rights issues identified and mitigated in own operations and value chain. • Group-level meeting on EU Taxonomy minimum safeguards of most recognized human rights guidelines and guiding principles. • Sourcing & Procurement policy, processes and procedures mitigate and prevent supplier's violations related to any type of non-legal practices and also ensure that suppliers are operating at or above the levels required by Kemira from the economic, environmental, social and human rights point of view.			• There have been no confirmed cases of bribery or corruption involving Kemira or its third-parties. • Kemira is compliant with all anti-bribery and anti-corruption laws applicable to it.

Product Development

Kemira’s New Product Development (NPD) process follows a stage-gate model. 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.

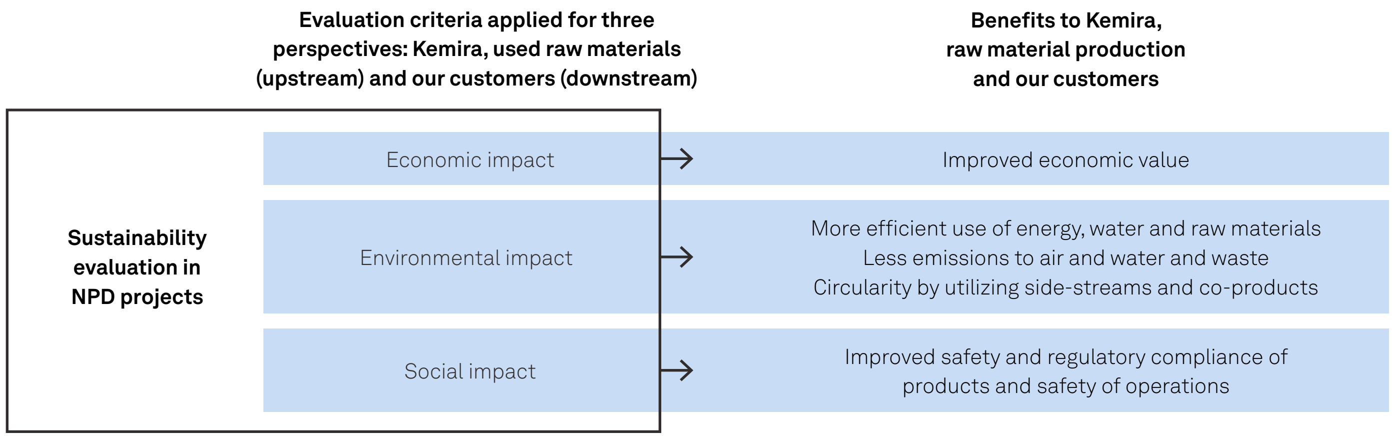
Our NPD sustainability assessments evaluate economic, environmental, and social impacts across six key areas aligned with Kemira’s sustainability goals: safety, people, water, circularity, climate, and profitable growth. These assessments occur at each NPD project stage, comparing new offerings against benchmarks and existing solutions from both Kemira's and customers' perspectives. In the projects' early stages (from technology evaluation to development and piloting), we evaluate Kemira’s operations, including used raw materials, and customers’ operations. Towards the project's completion (from scale-up to commercialization), we assess the effects of raw material production operations (upstream), Kemira’s operations, and customer/end use operations (downstream) as separate categories.

Sustainability is one of Kemira R&D's internal key performance indicators and is determined as the average sustainability index of NPD projects approved for development. In 2023, the average score of the assessments across our portfolio was 7.7 (in 2022 we reported 8.0). The assessments rate sustainability performance on a scale (-1 for decreased, 0 for no change, +1 for improved performance) across six categories: safety, people, water, circularity, climate, and profitable growth. Both Kemira’s (including raw materials) and customer impacts are considered. The maximum score is +12 if all categories show improvement, while the minimum score is -12 if all aspects decline. The average sustainability index has been followed since 2019, when scoring was 5.3.

Beyond safety considerations in the sustainability assessment, we actively avoid using hazardous substances when choosing raw materials for new product development. In each NPD project, raw materials and end-products undergo evaluation in collaboration with the Product Stewardship and Regulatory Affairs function. Additionally, R&D devises strategies to replace raw materials with concerns or risks in product recipes. These actions improve safety in transportation, storing, usage and disposal of materials in our manufacturing processes as well as in our customers’ processes and products.

In 2023, Life Cycle Assessments (LCAs) have been actively employed within NPD projects to assess environmental impacts more precisely from the entire life cycle perspective. This has guided decisions in, for example, conversion technologies, renewable feedstock selections and other strategic initiatives. Looking ahead, LCAs will become an even more integral part of our approach, as we continue to enhance our in-house capabilities for conducting LCAs.

SUSTAINABILITY EVALUATION IN THE NEW PRODUCT DEVELOPMENT PROJECTS



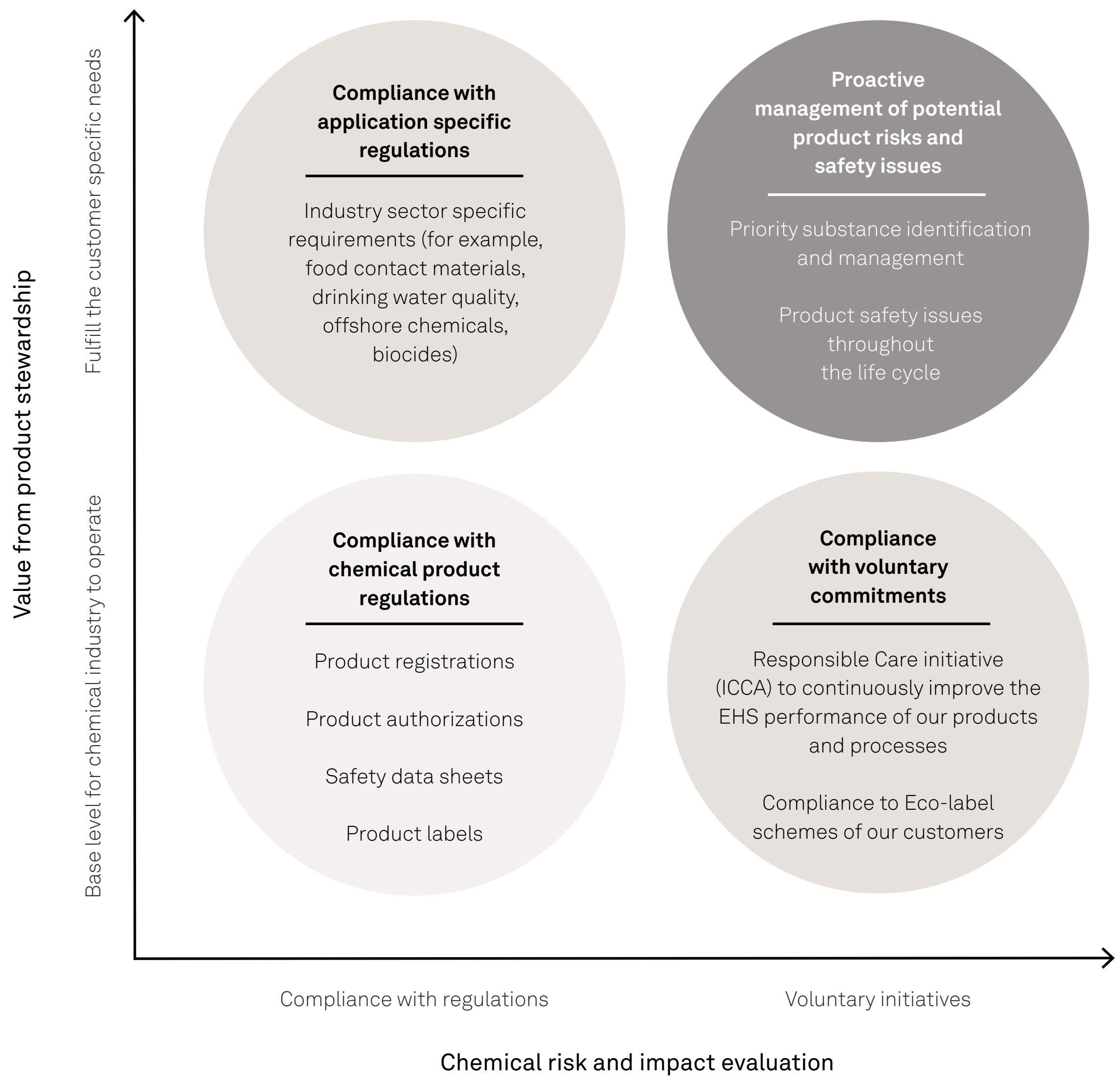
Product Stewardship

Kemira's Product Stewardship Policy defines the minimum requirements for our operations to ensure that our products can be safely used by our stakeholders and that chemical risks and their impacts are incorporated into decision-making relating to our business. Our customers have their own health, safety and environmental requirements for their input materials and they typically follow several voluntary certification schemes, including eco-labeling schemes, which set further expectations on our product offerings. Chemical hazard assessments are not only prepared for products but also for raw materials, process aids and intermediates; and are incorporated into the change management process during their full lifecycle. Product stewardship is the key pillar in the Responsible Care® program and involves the proactive management of the health, safety and environmental aspects of a product throughout its lifecycle. Product stewardship provides a platform that helps us to identify concerns relating to specific chemicals and their hazards at an early stage and manage those risks along the value chain to fulfill the expectations of different stakeholders.

PRODUCT REGULATORY COMPLIANCE

The manufacturing and sale of chemicals are widely regulated around the world. Continuous follow-up of regulatory development activities is the prerequisite for business compliance and plays a key role in ensuring product safety for customers, value chain and stakeholders.

PRODUCT STEWARDSHIP MANAGEMENT APPROACH



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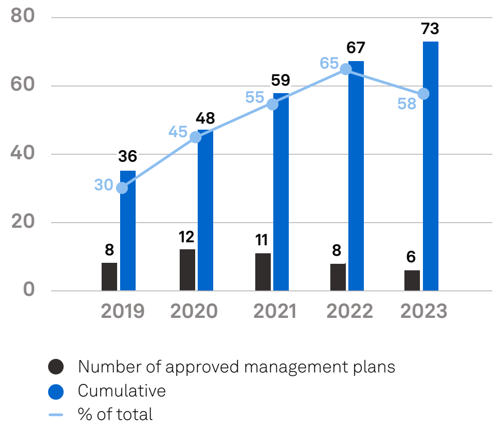
PRODUCT LIFECYCLE MANAGEMENT

All of our products, handled raw materials and intermediates need to comply with all applicable chemical regulatory requirements in the countries where we manufacture and/or sell chemicals. Assessments examining regulatory compliance, human health impact, safety issues and environmental protection aspects all form part of our Product Lifecycle Management process from conception and development to manufacturing and sales, and finally to product elimination. All data related to chemical products and substances including raw materials is managed in Enterprise Resource Planning system and is linked to Product Lifecycle Management tool/process.

PRIORITY SUBSTANCE MANAGEMENT

We actively monitor our portfolio for substances of concern, in accordance with our priority substance management process. Those substances are subject to future regulatory restrictions or associated with particular concerns for human health, safety or environment. As a part of this process priority substance list includes substances found in Kemira's portfolio either in raw materials or product compositions in >0.1% concentrations. It includes listed substances in SVHC, REACH annex XVII, CoRAP, California Proposition 65, SIN, OSPAR, ECHA and EPA endocrine disruptors, TSCA 2014 work plan and conflict minerals. We prepare management plans for these priority substances aimed to define the specific risks associated with each substance, examine options for managing these specific risks, and formulate action plans for the preferred options. These options to mitigate risks may include, for example, substitution, phase-out or limiting exposure.

NUMBER OF PRIORITY SUBSTANCES HAVING APPROVED MANAGEMENT PLAN



Management plans for substances of concern have been prepared for 6 substances during 2023 and in total 73 approved plans are now available. Nine SVHC (Substances of Very High Concern) substances have been removed from the portfolio during the period in which said processes have been in place. During 2023, some new substance additions have been made to the regulatory lists which are followed by Kemira. These additions are reflecting to Kemira priority substance list, but the management plans for these changes have not been done. The followed percentage in the figure (Management plan / Kemira priority list substances *100) is thus decreased in 2023.

COMMITMENT TO ANIMAL WELFARE AND SUSTAINABLE PALM OIL SUPPLY

Kemira is committed to reducing, refining and replacing animal testing wherever possible. Kemira does not itself perform any animal experimentation in-house. All animal testing commissioned by Kemira is done to the highest of animal welfare standards following national and international legislation on the protection of animals and only if specifically required by legislation or for product safety purposes.

Kemira is a member of the Roundtable on Sustainable Palm Oil (RSPO) supply chain standard and has RSPO certified manufacturing operations with the capability to provide the market with 100% certified palm oil derivative products.

Kemira

Supplier Management

Our Sourcing function is globally responsible for strategic spend management, while our Supply Chain Management function provides supply chain-related services on a regional level to our business segments.

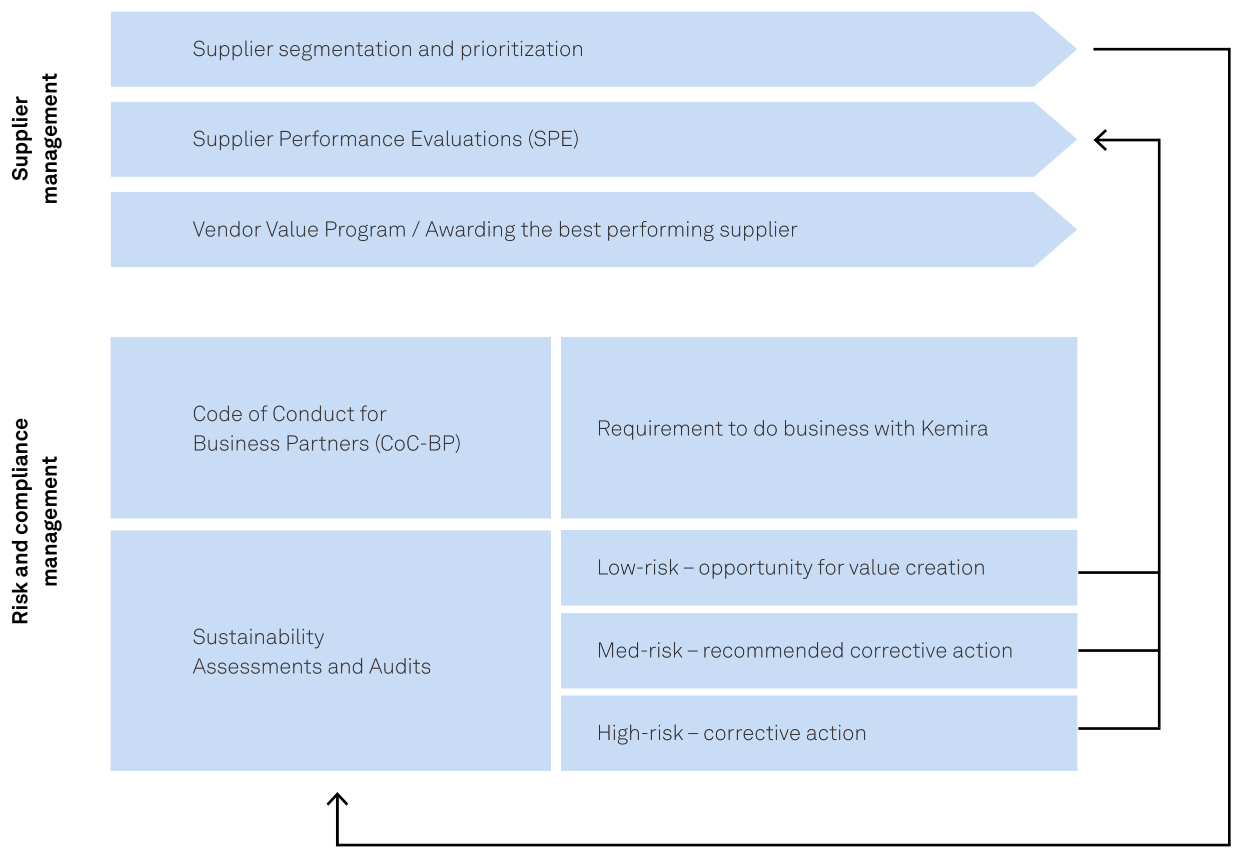
Our Sourcing activities cover the identification and selection of suppliers, the consequent negotiations and contract management, and the management of supplier relationships. Our supplier selection criteria are based on cost competitiveness, short-term operational excellence, long-term business stability and sustainability performance.

Our Supply Chain Management activities cover all supply chain-related services to our business segments once the supplier relationship has been established by our Sourcing function. Supply Chain Management services include Customer Service, Logistics, Supply Chain Planning, and Procurement. The Supply Chain Management function has regional units that each provide all the services needed within their respective regions.

The total spend of the Sourcing categories "direct materials" and "indirect goods and services", amounted to about 2.35 billion EUR in 2023. The direct materials cover all raw materials, packaging and energy, while indirect goods and services include all non-raw material-related spending, for example, on equipment, services and logistics.

Supplier management, supplier risk and compliance management are cornerstones of our sustainable sourcing roadmap that ensure responsibility in our supply chain. Our Supplier Management focus is on improving economic performance, anticipating risk and initiating approaches with suppliers that are responsible and innovative. It is described

SUPPLIER RISK AND COMPLIANCE MANAGEMENT



in three main processes: Supplier Segmentation, Supplier Performance Evaluations (SPE) and Vendor Value Program.

Our suppliers are segmented into four categories: strategic, critical, volume and base suppliers, and prioritized based on multi-factor risk criteria to help us better manage our suppliers and plan actions for necessary risk mitigation.

The SPE program collects and provides regular feedback to our suppliers both on their operational and sustainability performance. The majority of our strategic, critical and volume suppliers are part of regular supplier reviews.

Our Vendor Value Program is aimed at developing capabilities that will enable us to identify, partner with, and manage those suppliers, along the various value chains associated with Kemira's product lines.

Our supplier risk and compliance management define the requirements for suppliers to do business with Kemira, as well as provide tools and processes for mitigating sustainability risk with our suppliers (sustainability assessments and audits).

CODE OF CONDUCT FOR BUSINESS PARTNERS

All of our suppliers must follow our Code of Conduct for Business Partners (CoC-BP) in relation to all of their dealings with Kemira. Our CoC-BP is communicated to all suppliers through the ordering process as part of Kemira's terms and conditions.

Supplier adherence to these principles is controlled in different stages of our Sourcing processes starting from the new supplier screening/new vendor creation process, to contracting where the commitment to our CoC-BP is integrated in the contract templates. Finally, we have continuous monitoring in place for those contracts exceeding certain spend thresholds to make sure we are reasonably covered.

SUSTAINABILITY ASSESSMENT AND AUDITS OF SUPPLIERS

We continued enrolling new suppliers into our Sustainability program by assessing them through EcoVadis, conducting Corporate Social Responsibility audits and Quality audits.

EcoVadis assessment: In 2023, 81 new suppliers were assessed and a total of 477 suppliers have now gone through the assessment and have recorded an average score of 59, which is higher than the industry average assessed on the platform. Results with low scores were reviewed together with suppliers and improvement plans were made accordingly. In most cases, low scores were due to lack of supporting documentation provided by the vendor to the assessment company. Around 57% of the 242 suppliers reassessed in 2023 were able to improve their score.

Corporate Social Responsibility audits of direct material suppliers: In 2023, we conducted one Corporate Social Responsibility audit with no results leading to a halt in operations. Audit results are being reviewed together with suppliers and improvement plans created and followed up accordingly as part of our supplier management practices.

Quality audits of suppliers: Direct material large spend suppliers also undergo quality audits, which include management systems, workplace health and safety standards, production quality and supply security. In 2023, 22 quality audits were conducted for direct material suppliers.

Supplier assessments and audits are part of sourcing processes and Sourcing function target setting and are monitored on a monthly basis. Audit results are being reviewed together with the supplier and improvement plans created and followed up accordingly as part of our supplier management practices.

SUPPLIER SUSTAINABILITY ASSESSMENTS AND AUDITS

	2023	2022	2021
EcoVadis assessment, cumulative	477	396	348
Corporate Social Responsibility audit	1	1	1
Quality audit	22	11	14

STRUCTURE OF KEMIRA'S SUPPLIER BASE

	Direct materials	Indirect goods and services
Number of suppliers, approximately	1,700	11,700
EMEA	800	6,600
Americas	600	3,500
APAC	300	1,600
Percentage of suppliers that form 80% of the category spend	9%	8%

Integrity

OUR VALUES AND CODE OF CONDUCT

Our management approach to integrity and responsible business practices is based on our corporate values and our Code of Conduct. Our values are:

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

These principles demonstrate our commitment to conduct our business in compliance with all applicable laws and regulations and according to high ethical standards.

Our Code of Conduct sets the minimum standards of expected behavior for our employees and business partners. Our internal policies and procedures provide more detailed guidance to steer our daily work and decision-making.

Kemira's Code of Conduct was reviewed, updated and approved by the Board of Directors in 2017 and thereafter reviewed biannually for validity, with the latest revision taking place in 2023, with no major updates. Every employee is expected to comply with Kemira's Code of Conduct. All people managers and leaders are responsible for implementing the Code within their teams. Since 2013, we have required all of our employees to regularly complete the Code of Conduct online training, which was revised and updated in 2022 and is currently available in 19 languages. We also train selected employee groups on more specific compliance matters, such as anti-bribery, human rights, competition compliance and insider information.

We expect our business partners to follow our Code of Conduct for Business Partners (CoC-BP) in their business activities. Both of these Code of Conduct documents, as well as our corporate values can be found at **www.kemira.com**.

OUR ETHICS AND COMPLIANCE PROGRAM

Our Ethics and Compliance Program aims to enhance compliance management at Kemira on a continuous basis. The program addresses all of the following measures taken to manage ethics and compliance risks:

- Prevention: measures that help us proactively prevent ethics and compliance risks from materializing.
- Detection: measures that help us detect where ethics and compliance risks have materialized or may arise.
- Responding: measures that help us investigate and respond to potential ethics and compliance breaches.

ORGANIZATIONAL STRUCTURE FOR ETHICS AND COMPLIANCE

Our Ethics and Compliance function is responsible for overseeing the effective implementation of Kemira's Ethics and Compliance program. The status of the program is also reported directly to the Audit Committee on a regular basis.

The Compliance Committee oversees the management of compliance allegations to ensure fair and sufficient investigation, remediation, and consistent disciplinary action across our organization. The committee consists of Group General Counsel, EVP Human Resources, Head of Internal Audit, and Director, Ethics and Compliance.

Our Local Ethics and Compliance Officer Network consists of employees across the organization based in all regions, who support our regional ethics and compliance communication, activities, and overall awareness as part of their work.

INTEGRITY INDEX AND ETHICS & COMPLIANCE SURVEY

Integrity Index has been measured based on employee perception of integrity using the internal MyVoice Pulse survey. We use the question 'Speak My Mind' phrased as 'I can report unethical behavior or practices without fear of retaliation at Kemira as a single-item index.

In 2023, the Integrity Index was 81 points, 11 points above the manufacturing industry benchmark (1 points above 2022) and the participation rate in the survey 80%. It has been consistently above the benchmark, being considered a company strength, with high level of engagement.

In addition, a specific Ethics & Compliance (Risk Clarity) Survey, hosted by Gartner, was conducted in 2022 and sent to all employees, with specific questions to measure the culture of integrity, Kemira's culture scores (77% favorable) were 3% above Gartner's benchmark.

MECHANISMS FOR REPORTING CONCERNS

We promote a culture that encourages our employees to speak freely. We actively encourage our employees to contact their managers, local HR, Legal or Ethics and Compliance function to express their concerns and ask questions.

All of our employees also have access to an externally hosted Ethics and Compliance hotline (whistleblower mechanism), which is a 24/7 service enabling them to report potential violations of our Code of Conduct or other ethical concerns. All employees can anonymously submit such reports in their own languages, by phone or through a web form, which can be accessed through Kemira's intranet, wherever such channels are not restricted by local legislation. Information on the availability of the

Ethics and Compliance hotline is shared to all employees on Kemira's intranet. We provide regular mandatory training program to all employees. In 2021, the Speak Up! campaign was launched, including an online training program available in 18 languages and active communications to our employees on all of our available channels to report concerns and to assure the anonymity of the report, as well as no retaliation. The campaign is on-going since 2021 and continuous to be active. The hotline system and the process of handling the reports are managed by the Ethics & Compliance function.

There is an e-mail address that can be used by third-parties to report cases of potential misconduct relating to Kemira or our business partners. This information is available on our website and in Kemira's Code of Conduct for Business Partners.

All allegations of potential violations of our Code of Conduct made in good faith will receive a fair and comprehensive investigation utilizing internal and/or external assistance. Any reports of potential Code violations is treated as strictly confidential and anonymous to the fullest extent and without fear of retaliation.

CONCERNS OF ALLEGATIONS OF POTENTIAL CODE OF CONDUCT VIOLATION REPORTED IN 2023

	Number of cases	Cases closed with merit	Cases closed without merit	Open cases as at Dec 31, 2023
Cases reported via hotline	38	15	17	6
Cases reported via other channels	14	8	2	4
Total number of cases	52	23	19	10

REPORTED CASES BY CATEGORY

	Number of cases in 2023	Number of cases in 2022	Number of cases in 2021
Corruption and bribery	0	0	0
Code of Conduct (incl. Conflict of Interest / Safety)	17	4	10
Employee relations fair treatment	20	9	1
Harassment	6	9	8
Transactions and company records	9	7	0
GRAND TOTAL	52	29	19

INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

During 2023, 52 incidents were reported to the Ethics & Compliance function alleging potential violations to the Code of Conduct. All cases were investigated (10 of them are still under investigation), 23 of the cases were closed with merit and remediated during 2023. No incident was concluded as being a case of discrimination. The increase in the number of the reported cases compared to the previous years (29 total cases reported in 2022) was supported by the on-going Speak Up! campaign, disclosing the reporting channels, as well as clarifying which situations should be reported.

Climate Action and Nature Stewardship

Climate Change

CLIMATE RISK SCENARIO ANALYSIS

In 2023, Kemira expanded the geographical and business function coverage of the climate risk scenario analysis work that began in 2022. As with the 2022 work, the 2023 analysis was conducted in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. The 2023 analysis evaluated Kemira's climate risk from a global company perspective, as well as a sampling of risks from a local perspective using 8 (3 in 2022) manufacturing sites (3 sites in Europe; 2 sites in China; and 1 site each in Brazil, Canada, and the USA) and 4 (4 in 2022) business functions (Commercial; Corporate Strategy; Growth Accelerator; and Research & Development). In 2024, Kemira expects to supplement this work by evaluating the physical risks at all manufacturing sites with the assistance of Group Insurance and a third-party risk consultant. The third-party risk consultant will be able to provide initial financial impacts related to the identified risks in terms of "climate estimated loss."

Kemira evaluated the climate-related transition and physical risks and opportunities that are most relevant to Kemira and its value chain in the short-term (until 2030); medium-term (2030-2050), and long-term (2050 and beyond). The most material risks considering both likelihood and financial impacts on a company basis are summarized in the following table:

Risk or opportunity		Description
Transition risk	• Energy availability • Legislation • Larger adoption of carbon pricing	• In North America and China the availability of renewable energy is low due to missing infrastructure and lack of incentives compared to EMEA where the infrastructure for renewable energy is much more developed. • In China, regulation on a national and local level is very strict considering carbon and other emissions affecting the sites' operations through permit limits and pollution limits. In North America, the permits on emissions are permissive and the future outlook depends heavily on the political climate. Significant changes are not to be expected in short-term.
Physical risk	• Extreme weather events • Precipitation patterns • Increase in global temperature	• Sites located near coast lines are more vulnerable to storms such as hurricanes in the USA. • More frequent or most significant flash flooding events from severe storms impact the site as well as transportation routes for raw materials and deliveries to customers.
Opportunity	• Development of low emission products • Access to new markets • Resource efficiency • Use of lower emission sources of energy	• Innovations in renewable products. • Increased demand for water treatment chemicals due to changes in legislation and markets. • Investments in automation technology to optimize processes and improve efficiencies. • Additional opportunities for recycled raw materials and markets for manufacturing by-products (e.g., hydrogen).

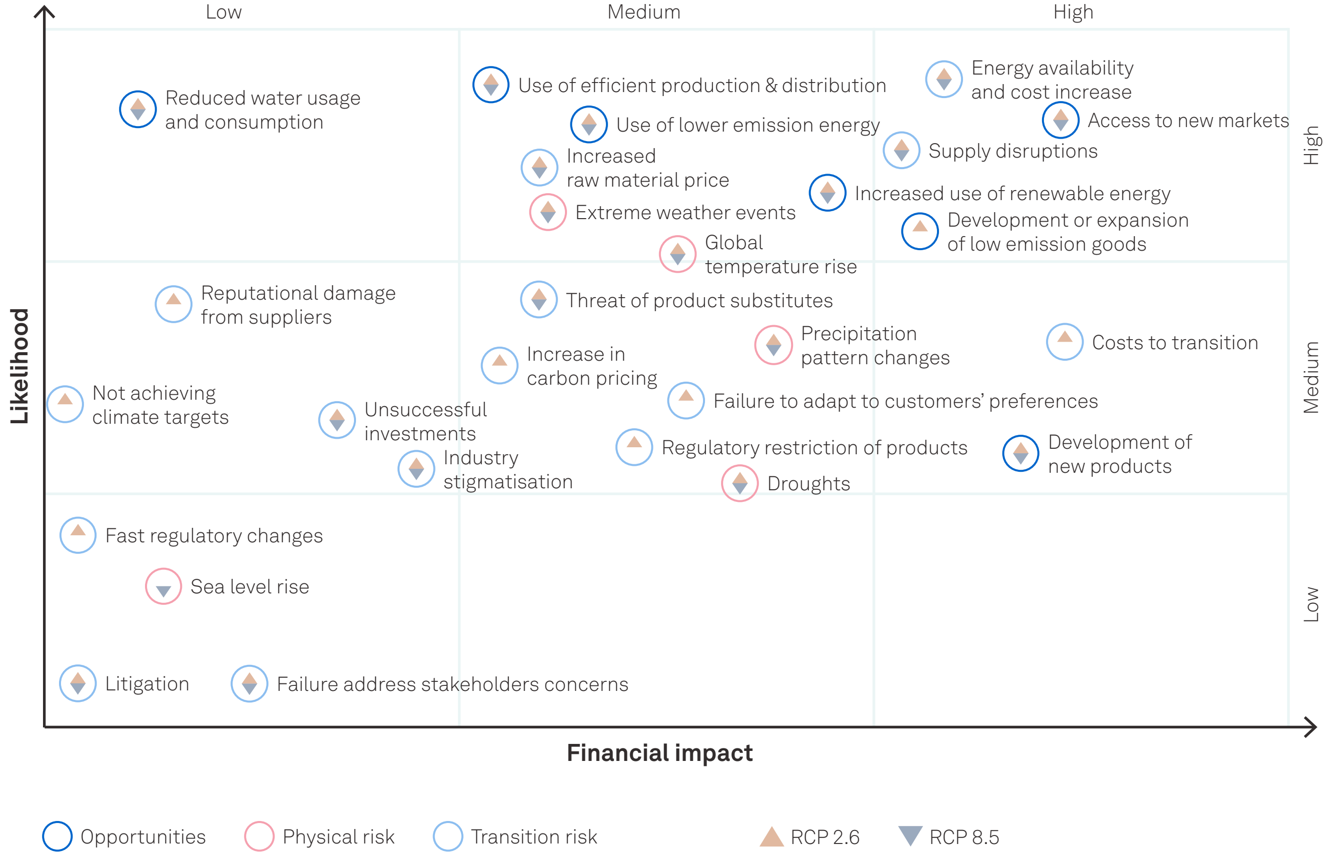
Kemira

The following figure provides a view of Kemira's climate-related risks and opportunities in the short-term (until 2030). The figure is a 3x3 matrix based on the financial impact and likelihood of the risk or opportunity. The matrix ranks both the financial impact and likelihood as low, medium, or high. The most impactful risks or opportunities are in the upper right and the least impactful risks or opportunities are in the lower left. Transition risks are in light blue; physical risks are in red; and opportunities are in dark blue. Each risk and opportunity was evaluated using climate change scenarios [Representative Concentration Pathways (RCPs)] established by the Intergovernmental Panel on Climate Change (IPCC). RCPs represent different projections leading to a range of global warming levels depending on the amount of GHGs emitted in the years to come. RCP 2.6 (orange triangle) is the scenario where global temperature rise below 2 °C by 2100. RCP 8.5 (gray triangle), is generally taken as the worst-case climate change scenario (emissions continue to increase through 2100).

CLIMATE TARGET

In 2023, Kemira continued its progress toward our combined Scope 1 and Scope 2 market-based emissions reduction target established as part of our updated climate commitment published in June 2022. The Scope 1 and 2 emissions target is aligned with the SBTi absolute contraction approach, which requires an annual linear reduction rate of 4.2% from the selected base year to the target year. For Kemira, our base year is 2018 and our target year is 2030, which results in a 50% reduction requirement (930 thousand metric tons CO_2e in base year 2018 to 461 thousand metric tons by the target year 2030). Kemira committed to the SBTi in June 2022, and our Scope 1 and 2 target will be submitted to SBTi for validation by June 2024. Our current long-term ambition remains to be carbon

CLIMATE-RELATED RISK AND OPPORTUNITY MATRIX FOR SHORT-TERM (UNTIL 2030)



neutral by 2045 for combined Scope 1 and Scope 2 market-based GHG emissions. However, our long-term ambition will continue to be evaluated in response to global legislation, corporate strategy and changes to climate science.

Kemira is currently evaluating a quantitative reduction target for our Scope 3 emissions as part of our submission to SBTi in June 2024. Scope 3 emissions, and in particular, emissions from purchased goods and services, are the majority of Kemira's GHG emissions. Therefore, engagement with our value chain partners is one of the primary actions taken to reduce our Scope 3 emissions. Kemira uses resources such as the EcoVadis platform to assess the overall sustainability programs (including GHG emissions) of its suppliers. In 2023, Kemira implemented a formal Supplier Engagement Program to improve the quality of our emissions data associated with our raw materials. This effort supports Kemira's programs, as well as our value chain partners' own sustainability programs, which can generate emission reduction opportunities within the chemical industrial sector as a whole and at a local level for our customers and communities.

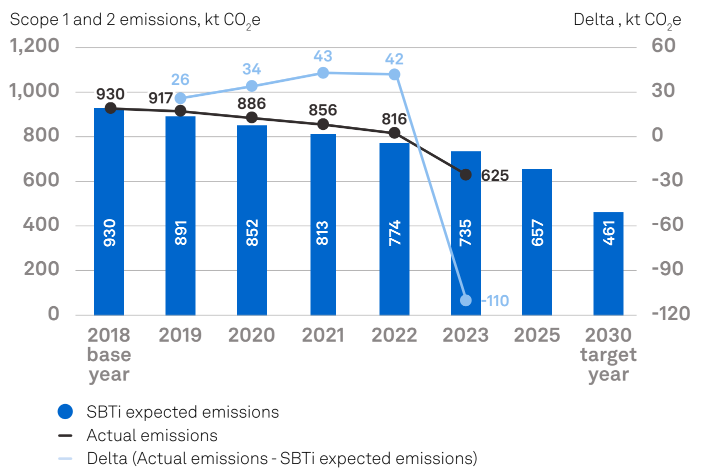
As shown in the following figure, Kemira's Scope 1 and 2 market-based emissions in 2023 were 625 (816 in 2022) thousand metric tons CO_2e. The emissions expected in 2023 according to the SBTi absolute contraction approach are 735 thousand metric tons CO_2e. Therefore, the Scope 1 and 2 emissions through 2023 are meeting the SBTi commitment, and have decreased approximately 33% since the 2018 base year.

The emissions reductions in 2023 were related to:

- Lower production and energy consumption at our most emissions and energy intensive facilities and product lines.
  - Two fewer manufacturing sites in Kemira as of 31 December 2023, compared to 31 December 2022.
- An increase in emission-free sourced electricity through sourcing agreements [power purchase agreements (PPAs) and guarantees of origin (GoOs)] and the increasing global decarbonization trends of the electricity mix.
  - In particular, the percentage of Nord Pool residual mix (fossil-based) electricity for our sites in Finland decreased from approximately 46% in 2022 to approximately 16% in 2023.
  - Our largest manufacturing site (located in Helsingborg, Sweden) renewed an electricity sourcing contract (October 2022 through December 2023) that includes GoOs from wind power for 50% of the site's sourced electricity consumption. This will reduce Scope 2 emissions from the site by approximately 13 thousand metric tons CO_2e per year, and the site will have 75% of its electricity consumption demand from emission-free sources.
- The on-going implementation of energy efficiency programs at our most energy intensive manufacturing sites.

Kemira implemented an internal carbon pricing sensitivity analysis procedure in 2019 for investments exceeding 500,000 EUR as part of its process to identify and minimize risk. The procedure was updated in 2022 to adjust the internal carbon price in response to the increase of EU Emissions Trading System (ETS) prices. Kemira's current internal carbon price is 100 EUR per metric ton CO_2e.

KEMIRA SCOPE 1 AND 2 EMISSIONS CLIMATE TARGET



The key initiatives for future emission reductions in the short-term (until 2030) are:

- Capital expenditure (CapEx) and operational expenditure (OpEx) investments to replace fossil-based energy processes with emission-free processes at our most energy and emissions intensive sites. For example:
  - Kemira continues to evaluate biogas and emission-free fuels (e.g., hydrogen) and feedstock projects for our largest natural gas consuming sites. Our Helsingborg, Sweden site is evaluating the supply and economic feasibility of replacing natural gas with biogas for its fuel and/or process feedstock needs.
  - Kemira and Ålandsbanken Wind Power Fund Non-UCITS entered into a long-term PPA for a share of the electricity production of the Murtomäki wind farm located in Pyhäjärvi, Finland. The term of the PPA is 8 years and it enters into force in the beginning of 2025. Kemira will also purchase the GoOs related to the production.
  - In the USA, Kemira signed a letter of intent with a privately-held supplier of gaseous hydrogen solutions to explore opportunities for creating hydrogen hub networks near our sodium chlorate manufacturing plants.
- Implementation of a newly created sustainability impact assessment process as part of CapEx projects of at least 100,000 EUR to identify opportunities for additional reductions not already considered in the project design.
- An energy steering team was created in 2023 to evaluate potential on-site solar installations, particularly in countries that provide tax incentives and government subsidies for eligible projects. Kemira is also preparing a Request for Proposal (RFP) for energy consulting services in the USA to evaluate opportunities related to PPAs, virtual PPAs (VPPAs), and RECs and asset purchase agreements (similar to the GoO process in the EU), in particular for our energy and emissions intensive sodium chlorate plants.
- Implementation of a global company car policy that prohibits new company cars to exceed the combined CO_2 emission limit of 155 g/km (Worldwide Harmonized Light Vehicles Test Procedure, WLTP). To encourage employees to choose a company car with CO_2 emission significantly lower than the set limits, Kemira may offer a CO_2 incentive based on local needs, accordingly.

Lastly, our portfolio of product carbon footprints (PCFs) continues to expand, allowing us to support the sustainability ambitions of our global customers and to assess our downstream value chain impacts. In our ongoing commitment to PCFs, we have updated calculations according to the latest industry best practices and expanded the scope of the PCF portfolio to encompass high volume bulk and specialty chemistries produced globally. Looking ahead to 2024, we are dedicated to advancing our PCF initiatives. This involves continuing the work with PCFs for bulk and specialty chemicals across all regions. We are initiating efforts towards the automation of PCFs. This automation will significantly increase our capacity to calculate PCFs, streamlining the process, ensuring efficiency, and ultimately extending the scope to cover PCFs for all Kemira products.

DIRECT AND INDIRECT GHG EMISSIONS SOURCES

Direct (Scope 1) GHG emissions from Kemira's manufacturing sites are from the following sources:

- Emissions from the combustion of fuels such as natural gas and fuel oil used by boilers, dryers, and internal combustion engines to generate on-site steam, heat and electricity.
  - Our sodium chlorate sites use by-product hydrogen gas in their boilers to offset the use of fossil fuels. Scope 1 emissions from hydrogen combustion are reported as 0.
  - Our Helsingborg, Sweden site operates a sulfur boiler to generate steam and electricity for the site. Scope 1 emissions from sulfur combustion are reported as 0.
- Emissions from fuels such as propane, diesel, and gasoline used by mobile sources such as forklifts and company vehicles
- Emissions from physical or chemical processing of carbon-containing feedstock, raw materials and chemicals such as natural gas, sodium and calcium carbonate, and coke.
- Emissions from our transportation fleet in North America.

Indirect (Scope 2) GHG emissions consist of the CO_2e emissions associated with the off-site generation of purchased or acquired electricity, heat, and steam that is consumed by Kemira. Our sites purchase or acquire electricity, heat, and steam resources from either the local municipal authority or a private company, or from a separate manufacturing facility located within the same industrial complex. Scope 2 emissions from renewable and nuclear energy sources are reported as 0.

Other indirect (Scope 3) GHG emissions are a consequence of Kemira's business activities, but occur from sources not owned or controlled by our company.

Kemira's GHG emissions are primarily CO_2, and negligible emissions of methane (CH_4) and nitrous oxide (N_2O). Kemira estimates GHG emissions using factors in terms of CO_2e and does not specifically estimate and report mass emissions of CH_4 and N_2O, since CO_2 comprises over 99% of CO_2e emissions.

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GHG EMISSIONS (KT CO2E) FROM MANUFACTURING SITES

	GRI disclosure	2023	2022	2021
TOTAL GHG EMISSIONS[1]		3,602	4,108	4,267
Direct (Scope 1) GHG emissions[2a]	305-1	137	139	160
Biogenic Direct (Scope 1) GHG emissions[2b]	305-1c	0	0	0
Energy indirect (Scope 2) emissions: market-based[3]	305-2	488	677	696
Energy indirect (Scope 2) emissions: location-based		643	732*	809*
Other indirect emissions: Scope 3[4]	305-3a	2,977	3,292*	3,411*
Other indirect emissions: Scope 3 Biogenic emissions	305-3c	0	0	0
CHANGE IN TOTAL GHG EMISSIONS	305-5	-506	-159*	-61*
Production volume, thousand metric tons		4,856	5,197*	5,382*
GHG EMISSIONS INTENSITY, tCO_2e per metric tons of production[5]	305-4	0.74	0.79*	0.79*

* Updates to data were provided by sites during 2023 data collection.

1. Scope 1 and Scope 2 market-based and Scope 3 emissions.

2a. GHG emissions from sources that are owned or controlled by Kemira (Scope 1 of the WRI/WBCSD GHG Protocol). GHG emissions are calculated as CO_2e which includes CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3.

2b. GRI Standard specifies reporting of biogenic emissions reported starting in 2017.

3. GHG emissions from the generation of purchased electricity, heat, and steam 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. The sources for the emission factors used are the IEA, the UK government's Department for Environment, Food and Rural Affairs (DEFRA), Motiva Ltd. and energy utility companies.

4. GHG emissions from Kemira's value chain (Scope 3 of WRI/WBCSD GHG Protocol). Scope 3 emissions have changed due to an improvement in the calculation method for purchased goods and services, and sea transport emissions. Kemira has implemented a volume-based approach for Categories 1 and 2 where factors are available.

5. Kemira has calculated the GHG emissions intensity as the ratio of total GHG emissions per production volume. Direct GHG emissions (Scope 1), indirect GHG emissions from energy consumption (Scope 2 market-based) and other indirect GHG emissions (Scope 3) are included.

Our coagulants business unit in North America operates a transportation fleet to deliver raw materials to our manufacturing sites and products to our customers. The GHG emissions associated with the fleet are not included in the table above or in our climate target for our manufacturing sites. However, Kemira reports these Scope 1 emissions in addition to the Scope 1 emissions from our manufacturing operations.

GHG EMISSIONS FROM NORTH AMERICAN TRANSPORTATION FLEET

	2023	2022	2021
Thousand metric tons CO_2e	17.2	10.3	11.5

In early 2023, the North American coagulants business unit was awarded a grant from the state of California (USA) in the amount of 400,000 USD to lease and operate two battery electric trucks and charging infrastructure. The introduction of zero-emission vehicles into Kemira's logistics fleet is one step to reduce our transportation-related carbon footprint, and additional opportunities related to hydrogen and other alternative energy sources for fleet vehicles are expected in the next decade.

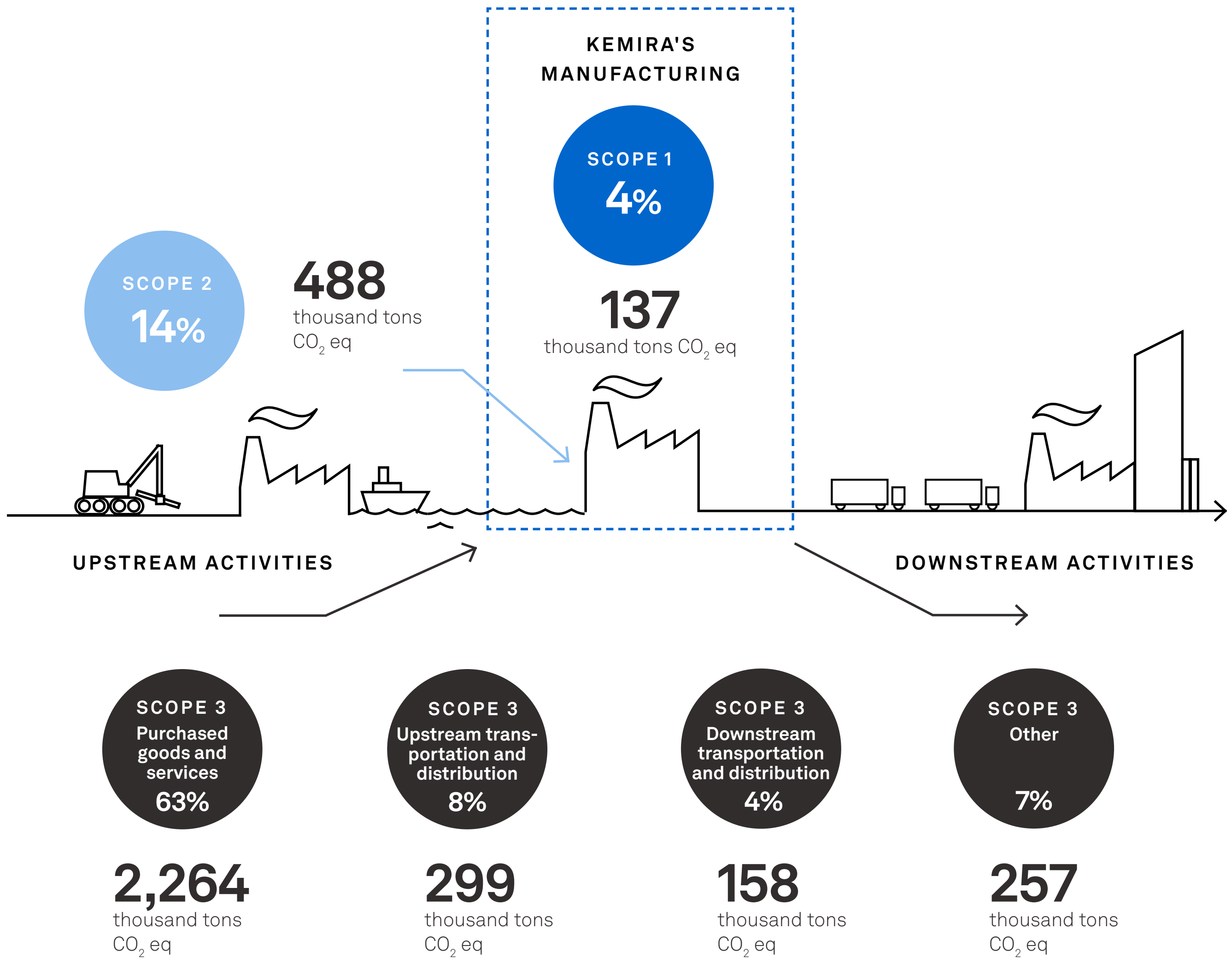
Other indirect (Scope 3) GHG emissions

Kemira uses a hybrid approach of volume-based and spend-based data and emission factors to estimate emissions associated with purchased goods and services. Approximately three quarters of our total Scope 3 data is volume-based. This hybrid approach is considered to be more representative of our emissions profile because the influence of raw material cost fluctuations is eliminated and Scope 3 emissions are associated with the actual amounts of goods and services used in our production processes. Furthermore, this approach aligns with our ongoing collaboration with our value chain partners to obtain product-specific carbon footprints and life cycle assessments that are based on material consumption. In 2023, Kemira launched a supplier-engagement program to collect PCF data ("primary data") from our suppliers to improve our Scope 3 emissions process. The transition from general data published in global databases ("secondary data") to supplier-provided "primary data" will identify opportunities to reduce our Scope 3 emissions, and support our strategies to decarbonize the lifecycle of our products. For 2023, approximately 11% (approximately 0% in 2022) of the emissions data used to calculate emissions from our purchased goods (raw materials) was obtained directly from our supply chain partners.

Kemira continues to improve our transportation and distribution data collection and emissions methodologies, and has increased our collaboration with our business partners across our entire value chain to improve the quality of the Scope 3 emissions estimates.

Purchased goods and services (including capital goods) cover 76% (77% in 2022), and transportation and distribution emissions (upstream and downstream) 15% (14% in 2022) of our Scope 3 emissions. Fuel and energy related activities are 7% (7% in 2022) of overall Scope 3 emissions.

GREENHOUSE GAS EMISSIONS



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OTHER INDIRECT (SCOPE 3) GHG EMISSIONS BY CATEGORIES (KT CO2E)

	GRI disclosure	2023	2022	2021
TOTAL SCOPE 3 EMISSIONS	305-3d	2,977	3292^^	3,411^^
1. Purchased goods and services		2,264	2,543^^	2,621^^
2. Capital goods*		*	*	*
3. Fuel and energy related activities		216	244	268
4. Upstream transportation and distribution^		299	294^	312
5. Waste generated in operations		15	20	24
6. Business travel**		5	5	5
7. Employee commuting**		10	10	10
8. Upstream leased assets (leased offices)**		10	10	10
9. Downstream transportation and distribution^		158	164^	161
11. Use of sold products		0	0	0
12. End-of-life treatment of sold products		1	1	1

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

** Categories 6–8 historically contribute less than 2% each year. 2021 emissions were assumed to be at the same level as historical years despite actual emissions likely to be lower due to changes in work practices related to the COVID-19 pandemic.

^ Calculation methodology is based on the GLEC framework methodology for downstream and internal movements paid by Kemira. Other logistics scenarios are calculated using the prior methodology. 2022 emissions were updated to reflect a change in the calculation methodology for sea transport emissions.

^^ Calculation methodology for Categories 1 and 2 changed as described above, which results in changes to the total emissions. Specifically, Kemira updated the emissions factors used in its calculation to account for the location of the activity and adjustments to the published factors to account for physical properties of its materials such as concentration. For example, if the published factor is based on 100% concentration of a material, Kemira adjusted the factor to account for different concentrations used (such as a 50% concentration).

Category 11 emissions were estimated to be zero or close to zero, as Kemira does not sell combustible fuels, products that form GHG emissions during use, or products that contain GHG. The hydrogen provided to third-parties is zero-carbon fuel.

Category 12 covers all products sold. If a product is not known to have a new lifecycle, it is classified as waste.

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_2e. The sources for the emission factors used include the guidance document for the Chemical Sector, the DEFRA, the IEA, Ecoinvent, CEFIC and ECTA. Data covers all of Kemira's production sites according to Kemira consolidation rules. The margin of error for Scope 3 calculations is +/- 20%.

NOTE: Category 10 Processing of sold products is not calculated because it cannot be reasonably 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.

Energy

ENERGY CONSUMPTION AND MANAGEMENT

As an energy-intensive company, we strive to reduce our environmental impact through energy efficiency and sourcing strategies. A substantial portion of our energy management activities is focused on the most energy-intensive sites, which include seven sodium chlorate manufacturing plants in Finland, USA, Uruguay and Brazil Kemira has its most significant energy consuming European sites certified [Äetsä and Joutseno (Finland) and Helsingborg (Sweden)] according to the ISO 50001:2018 standard. Additionally the sites in San Giorgio (Italy) and Fredrikstad (Norway) also are ISO 50001:2018 certified.

Electricity is our most important energy source, accounting for 70% (70% in 2022) of the total energy (fuels plus purchased electricity, heat and steam) input. Sodium chlorate plants purchased 90% (90% in 2022) of the electricity, which is the main raw material in the electrolysis process. In 2023, our operations in Finland accounted for 43% (41% in 2022) of our purchased energy (electricity, heat, and steam) consumption. Operations in the USA accounted for 28% (31% in 2022), and operations in the rest of world accounted for the remaining 28% (28% in 2022).

Energy costs amount to approximately 8% (12% in 2022) of our total sourcing spend. By continually improving energy efficiency at manufacturing sites, we are consistently reducing our energy usage, emissions and associated costs.

Sources of energy

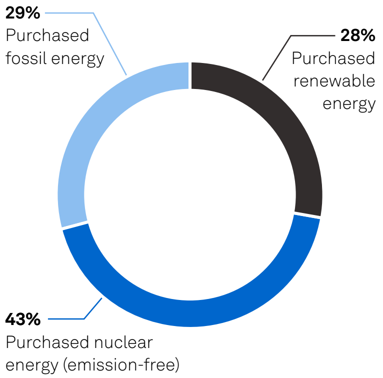
Kemira collects data on the sources of the energy provided to our sites for regulatory reporting requirements, to monitor internal energy performance indicators, and to support our climate action programs. The energy is classified as either non-renewable energy or renewable energy as defined by recognized reporting standards and frameworks.

- In 2023, 100% of the fuels consumed at our manufacturing sites, including hydrogen, were classified as non-renewable fuel.
- Nuclear energy is reported as non-renewable energy. However, since Scope 2 emissions from nuclear energy are reported as 0, Kemira reports nuclear energy as a separate energy source to calculate the emission-free sources.

In 2023, the amount of purchased energy classified as renewable energy and nuclear energy (emission-free) was 71%, which is an increase of 3% from 2022 (68%). The breakdown of the purchased energy sources for 2023 (2022) is provided below:

- Emission-free purchased energy: 71% (68%).
  - Purchased renewable energy: 28% (32%).
  - Purchased nuclear energy: 43% (36%).
- Purchased non-renewable energy (excluding nuclear energy): 29% (32%).

SOURCES OF PURCHASING ENERGY



A summary of Kemira's energy consumption within and outside of the organization is in the following table.

ENERGY BALANCE, GWH

	GRI disclosure	2023	2022	2021
TOTAL FUEL AND PURCHASED ENERGY INPUT		4,082	4,492	4,932
Consumed fuel as energy source		760	792	831
Non-renewable	302-1a	760	792	831
Renewable	302-1b	0	0	0
Purchased electricity	302-1c	2,854	3,157	3,517
Non-renewable		2,059	2,198	2,502
Renewable		795	959	1,014
Purchased heat and steam	302-1c	468	543	584
Non-renewable		335	330	310
Renewable		133	212	274
TOTAL FUEL AND PURCHASED ENERGY INPUT BY SOURCE	302-1a, b	4,082	4,491	4,932
Non-renewable		3,154	3,320	3,644
Renewable		928	1,171	1,288
TOTAL ENERGY SOLD/DELIVERED OFF-SITE		401	506	535
Heat[1] sold/delivered off-site	302-1d	371	426	453
Electricity sold/delivered off-site	302-1d	30	80	82
TOTAL ENERGY CONSUMPTION[2]	302-1e	3,681	3,986	4,397
CHANGE IN TOTAL ENERGY CONSUMPTION[3]	302-4	-306	-411	176
Production volume, thousand metric tons		4,856	5,197*	5,382*
ENERGY INTENSITY, GWh per thousand metric tons of production[4]	302-3	0.76	0.77	0.82

1. Sum of steam, district heat, condensate, and other heat delivered off-site.
2. The amount of fuel consumed plus purchased electricity and heat minus heat and electricity sold.
3. Comparison of total energy consumption to the previous year.
4. Kemira has calculated the energy intensity by dividing total energy consumption with the annual production volume. Energy intensity is strongly dependent on the types of production mix.
* Updates to data were provided by sites during 2023 data collection.

ENERGY EFFICIENCY ENHANCEMENT PROGRAM

During 2023, we continued implementing our E3plus (Energy Efficiency Enhancement) program established in 2010. The E3plus program aims to reduce the overall specific energy consumption, measured as kWh per metric ton of product, at each of our manufacturing sites. The key focus areas of the E3plus program are:

- Continuing the global alignment of energy efficiency management across all Kemira sites.
- Focused and thorough E3 Energy Reviews to identify improvement projects and support their implementation at our manufacturing sites.
- Technical and economic evaluation of investment projects to improve energy efficiency.
- Further development of the Kemira energy efficiency management system, improving energy management, and obtaining and maintaining ISO 50001:2018 certification in 5 selected manufacturing sites.

Our global Energy Management Team (EMT) coordinates, steers and supports energy management activities across all regions. Members of the EMT represent the top management of our manufacturing sites, as well as our global energy sourcing management.

Our energy efficiency measures and activities focus on sites that have the highest energy consumption. There are 15 sites that consume approximately 91% (90% in 2022) of the energy used by Kemira, and contribute approximately 81% (85% in 2022) of the company's Scope 1 and Scope 2 emissions. Site-specific energy efficiency targets are defined for the largest energy consuming sites, based on energy consumption baseline data, the findings of E3 Energy Reviews, and the availability of resources.

Kemira participates in the voluntary national Energy Efficiency Agreement in Finland ("**Energiatehokkuussopimus**") for the period 2017–2025. This Agreement is a part of Finland's national ratification of the EU's response to the Paris Climate Agreement. The total savings reported to the National Energy Authority in Finland ("Energiavirasto") since 2017 are 125 GWh/a, equivalent to approximately 3.8 million EUR/a.

During 2023, energy savings were additionally achieved through the implementation of 60 (61 in 2022) projects across Kemira's operations, saving a total of 11,106 (12,478 in 2022) MWh/a of energy, equivalent to 0.9 (0.8 in 2022) million EUR savings. The cumulative cost savings of more than 670 (610 through 2022) projects implemented since the start of the E3plus program in 2010, now totals 14.9 (14.0 in 2022) million EUR.

ENERGY REDUCTION 5% (ENRE5) PROGRAM

In 2023, an energy reduction program was launched specifically for the coagulant and polymer manufacturing sites in Kemira. The purpose of the program is to achieve an energy consumption reduction of 5% (on a kWh per metric ton production basis) in the next 3 years. During 2023, approximately 80 projects were identified, which are associated with approximately 67 GWh of energy savings. This corresponds to a reduction of approximately 11% compared to the target of 5%.

ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

Some of our sodium chlorate manufacturing sites provide energy in the form of by-product fuel (hydrogen) to third-party organizations that use the fuel for manufacturing processes and energy generation activities. The downstream hydrogen consumption by the organizations outside of Kemira offsets the use of fossil-based fuels for their industrial and energy generating activities, and therefore, offers potential for CO_2e emissions reductions for those organizations. Since the use of the hydrogen by the organizations does not result in CO_2e emissions, Kemira reports 0 for its Scope 3, Category 11 emissions. A summary of the energy consumed outside of Kemira is provided below.

HYDROGEN CONSUMPTION OUTSIDE OF KEMIRA, GWH

	2023	2022	2021
Hydrogen consumption outside of Kemira, GWh	273	262	189

KEMIRA ENERGY EFFICIENCY INDEX

The Kemira Energy Efficiency Index measures the ratio of energy use to production volumes normalized to a 2012 base year for our 15 large manufacturing sites covering approximately 90% of energy consumption. The index for the 2012 base year was defined as 100.0; and values lower than 100.0 indicate improvements to the index. The Energy Efficiency Index value for 2023 is 96.9.

KEMIRA ENERGY EFFICIENCY INDEX PERFORMANCE

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
96.9	95.6	96.7	97.2	96.5	97.1	97.4	96.9	97.7	99.1	98.9

Value for 2012 base year defined as 100.0.

Pollution (and Other Emissions to Air)

Kemira's sources of air emissions (pollutants other than GHGs) are associated with the following:

- Combustion of fuels in boilers, dryers, heaters, and emergency generators.
- Combustion of fuels in mobile equipment such as forklifts, railcar movers, and company vehicles.
- Natural gas, sulfur, and coke feedstocks used in power-generation and manufacturing process operations.
- Manufacturing processes such as reactors and vessels.
- Raw material and product handling, transfer, and storage operations.

Natural gas and hydrogen are the primary fuels used on-site to generate steam and heat. Mobile equipment are either electric-powered vehicles or use fuels such as natural gas, propane, and low-sulfur diesel fuel. Based on the quantities consumed and the types of fuels used, air emissions of products of combustion such as nitrogen oxides (NO_x), carbon monoxide, and sulfur oxides (SO_x) from low-emission fuels are not considered to be material topics for Kemira.

Kemira's emissions of particulate matter (dust), hazardous air pollutants, acid gases, and volatile organic compounds (VOC) are primarily associated with material handling and manufacturing processes. Kemira's manufacturing processes use air pollution control devices and best management practices to minimize air emissions and to comply with legislation. Therefore, these emissions are also not considered to be material topics for Kemira.

Kemira does not produce, import, or export ozone depleting substances (ODS). The use of ODS at Kemira sites (where they have not already been replaced by approved substitutes due to local regulations) is limited to comfort or process cooling applications. Since these applications use closed loop systems, emissions from ODS would only result from leaks. Kemira's preventive maintenance programs minimize the potential for leaks and implement corrective actions in the event a leak is discovered.

In 2023, Kemira began reporting emissions of three additional pollutants in preparation for future regulatory disclosures:

- Elemental chlorine (Cl_2)
- Gaseous fluorides, expressed as hydrogen fluoride (HF)
- Ammonia (NH_3).

Pollutants reported by Kemira that are not required to be disclosed by GRI and that are not identified in relevant regulations are reported as "Other air emissions."

Though Kemira does not consider air emissions of pollutants other than GHGs to be a material topic, the table below provides the air emissions for reference.

POLLUTION AND OTHER EMISSIONS TO AIR (t)

	GRI Disclosure	2023	2022	2021
NOx	305-7a.i	160	170	168
SOx	305-7a.ii	39	51	60
Persistent organic compounds (POP)	305-7a.iii	1	0	0
VOC	305-7a.iv	570	785	1,020
Hazardous air pollutants	305-7-a.v	91	135	114
Particulate matter (dust)	305-7a.vi	72	79	62
Carbon monoxide	305-7a.vii	217	187	224*
Hydrochloric acid	305-7a.vii	8	116	144
Ammonia	306-7a.vii	13		
Elemental chlorine	306-7a.vii	1		
Gaseous fluoride, expressed as HF	306-7a.vii	0		

* Data correction was made during 2023 data collection.
Emissions are estimated based on direct measurements, published emissions factors, mass balance, or estimates based on engineering calculations.
Separate data collection of Ammonia, Elemental chlorine and Gaseous fluoride started in 2023.

Water and Marine Resources

WATER MANAGEMENT

Through our Sustainability Policy and Nature Stewardship program, we strive to minimize water consumption and minimize the negative impact of water discharge activities on the quality of receiving water bodies. Kemira's manufacturing processes require water primarily for use as cooling water and process water.

We are continuously evaluating opportunities to decrease water withdrawal, consumption, discharge, and associated impacts through water recycling and reuse, and process redesign and optimization. Where possible, water is recycled and/or reused at our sites to reduce water withdrawal, consumption, and discharge. Our product portfolio is regularly assessed to identify opportunities to reduce freshwater use in products. Kemira ensures that all its employees at all manufacturing sites have access to Water, Sanitation and Hygiene (WASH).

Wastewater and cooling water discharges at the manufacturing sites including the profile of the receiving waterbody are regulated by environmental permits of the manufacturing sites and associated Environmental Impact Assessments (EIA) at sites where EIA is required. Wastewater generated from Kemira's manufacturing processes are primarily treated in third-party wastewater treatment plants prior to discharge to a waterbody. Cooling water does not usually require treatment prior to discharge.

Kemira uses the EcoVadis platform to assess sustainability of its suppliers. Water management is included as one criteria in the EcoVadis platform. In EcoVadis, suppliers are requested to meet certain standards and continuously improve in the area of environment including environmental compliance, waste, air emissions, climate change, water and groundwater, wastewater, energy, nuisance (noise and odor), land use and biodiversity, soil and hazardous chemicals. The scope and results of the 2023 EcoVadis assessment are presented in the chapter Sustainability Assessments and Audits of Suppliers earlier in this report.

WATER TARGET

In 2021, Kemira introduced a new water target to improve our water management to Leadership level based on CDP Water Security scoring methodology by the end of 2025 (score A/A-). Kemira answered to CDP's Water Security full questionnaire for the first time in 2021 and achieved score B (Management level). The 2023 score remained as B (Management level) even if the scoring criteria was stringent. Based on scoring report Kemira's overall water management improved compared to 2022.

WATER RISK ASSESSMENT AND WATER SCARCITY RISK SCENARIO ANALYSIS

Kemira updated its water risk assessment in 2023. At the site level, identification, assessment and responding to water related risks is included in the sites' EHSQ Risk Assessment process. Site-specific EHSQ Risk Assessments are audited on a regular basis internally by Kemira's Global EHSQ function and externally by accredited ISO 14001 auditors, and results are reported in Kemira's sustainability reporting system. Environmental impacts and risks, including water related impacts and risks, are initially assessed as part of the environmental permitting process of the sites and Environmental Impacts Assessments (EIA) at the sites where EIA is required. At the global level, water scarcity risks are assessed using scenario analysis as described below and other water related risks such as river floods, flash floods and tsunamis are included in climate risk scenario analysis.

Water stress and scarcity risks are assessed by the Global EHSQ function annually using WRI's Aqueduct tool to identify sites in water stress areas, and the WWF Risk Filter for water scarcity and basin physical risk. In addition, operational risk is assessed using the WWF Risk Filter's operational risk assessment tool. Kemira has 8 sites (13 % of the sites) located within water stressed areas (areas of "High" or "Extremely High" water stress - that is, areas in which more than 40% of available water is used by industry, household and agriculture) as indicated in the Water scarcity risk areas table. The table also shows the number of Kemira's manufacturing sites in water scarcity areas and basin physical risk areas and the corresponding percentage compared to the total number of manufacturing sites.

NUMBER OF SITES LOCATED IN WATER SCARCITY RISK AREAS

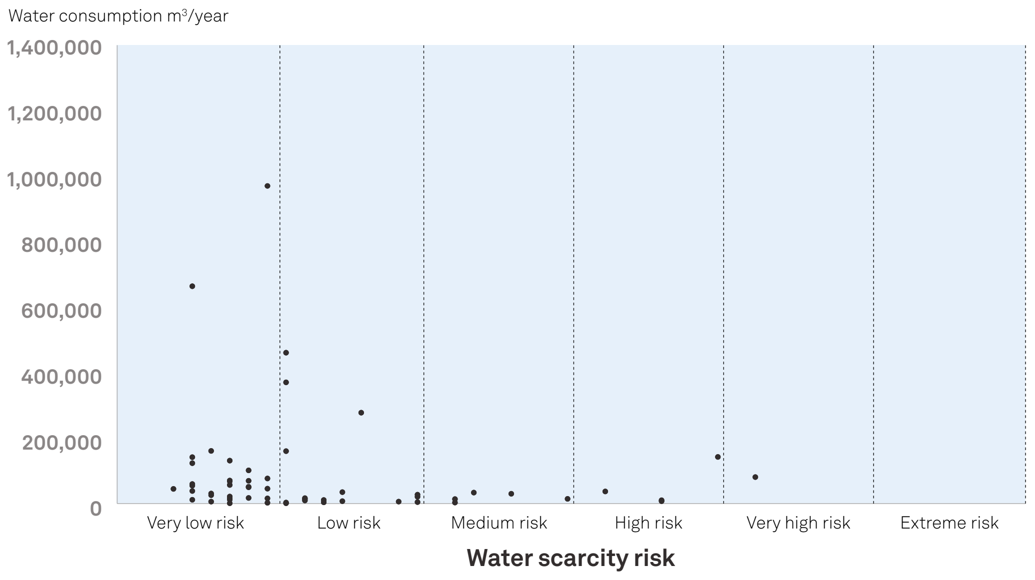
	WRI Aqueduct		WWF Water Risk Filter					
	Water Stress Area		Water Scarcity Area			Basin Physical Risk Area		
Scenarios	High	Extremely high	High risk	Very high risk	Extreme risk	High risk	Very high risk	Extreme risk
2023 baseline	3 (5%)	5 (8%)	4 (7%)	1 (2%)	0 (0%)	12 (20%)	0 (0%)	0 (0%)
2030 scenario	8 (13%)	6 (10%)	3 (5%)	3 (5%)	1 (2%)	12 (20%)	2 (3%)	0 (0%)
2040 scenario	7 (12%)	6 (10%)	N/A	N/A	N/A	N/A	N/A	N/A
2050 scenario	N/A	N/A	3 (5%)	2 (3%)	2 (3%)	12 (20%)	4 (7%)	0 (0%)

Water stress - the ratio of total water withdrawals to available renewable surface and groundwater resources
Water stress area - areas in which more than 40% of available water is used by industry, household and agriculture, i.e. areas of "High" or "Extremely High" water stress, based on WRI's Aqueduct tool
Water scarcity - Water scarcity refers to the physical abundance or lack of freshwater resources, which can significantly impact business such as production/supply chain disruption, higher operating costs, and growth constraints.
Water scarcity area - areas of "High", Very high" or "Extreme" water scarcity risk, based on WWF's Water Risk Filter
Basin physical risk - Comprises four risk categories covering different aspects of physical risks: water scarcity, flooding, water quality, and ecosystem services status negatively impacting water ecosystem services, based on WWF's Water Risk Filter
Basin physical risk - C- areas of "High", Very high" or "Extreme" basin physical risk, based on WWF's Water Risk Filter
2030 scenario - assessed based on "business as usual" (WRI Aqueduct) and "current trend" (WWF Risk Filter) scenario
2040 scenario - assessed based on "business as usual" (WRI Aqueduct) scenario
2050 scenario - assessed based on "current trend" (WWF Risk Filter) scenario

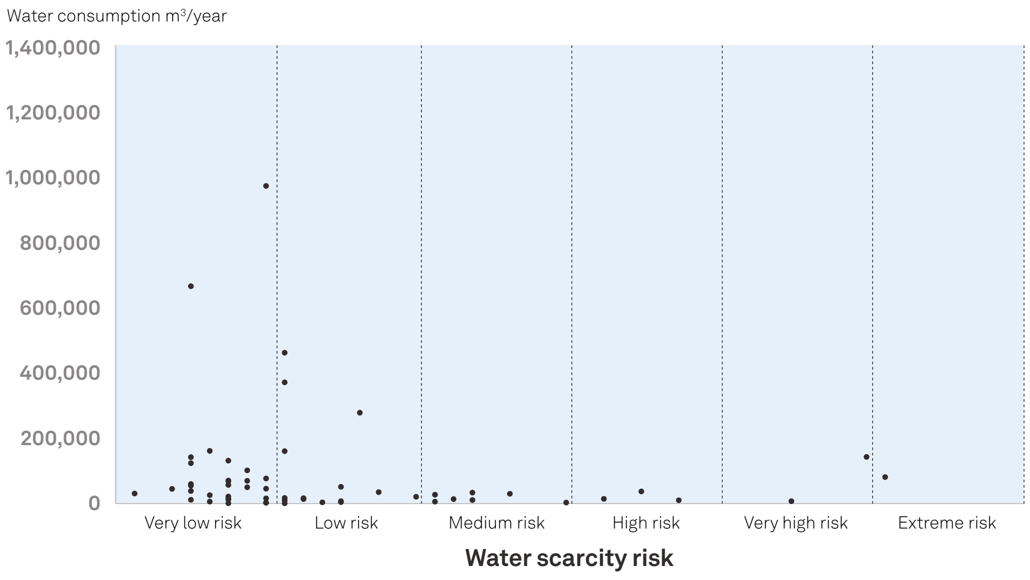
As illustrated in the figures below, most of Kemira's sites are located and most of the water consumption takes place in very low or low water scarcity risk locations. Kemira aims to reduce freshwater consumption and wastewater impacts across the company with its main focus at sites located now or in the future in high water stress and high water scarcity risk areas.

Water-related risks with potential to have significant (>1 million EUR) financial or strategic impact on the site's business (3 to 6 years into the future) have been identified at some manufacturing sites. Considering the scenario analysis and based on water-related risks identified at the sites, 23 sites were selected for a more detailed water risk assessment including interviews and/or operational risk assessments using the WWF Water Risk Filter. No site-specific substantive risks were identified within the timeframe of 3 to 6 years into the future considering mitigation measures at the sites. The substantive financial or strategic impact on Kemira's business is defined as financial implications above 10 million EUR per site.

WATER SCARCITY BY SITE LOCATIONS (BASELINE 2023)

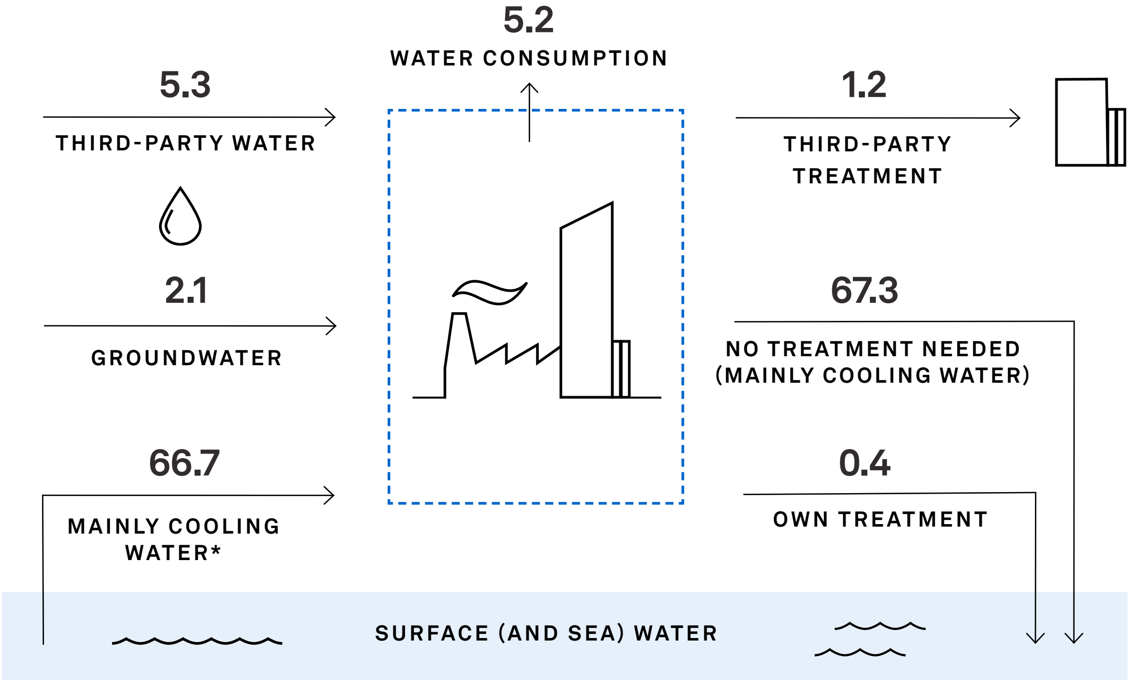


WATER SCARCITY BY SITE LOCATIONS (2030 CURRENT TREND SCENARIO)



As part of Kemira's climate risk scenario analysis, risks in the value chain such as potential supply shortages and associated production losses, for example due to heavy rains in parts of Europe and China have been identified. However, the impact of the identified value chain risks have so far been assessed not to exceed the threshold for substantive risk of 10 million EUR per event considering our mitigation measures within the timeframe of 3 to 6 years into the future. Kemira has suffered materialized supply shortages due to extreme weather events, but associated costs per event have not exceeded the threshold of substantive risk. Kemira's logistics are not assessed to be dependent on vulnerable waterways such as rivers potentially impacted by drought and no substantive risks associated with waterway logistics have been identified. Kemira also uses Sphera Supply Chain Risk Management (SCRM) to monitor and mitigate key suppliers' supply chain risk. Key supplier locations are inserted, and the tool alerts different risk event types (natural disasters including water related events, pandemics, local events). Kemira has 1,360 supplier locations in Sphera SCRM.

DIAGRAM OF WATERFLOWS (MILLION m³)



* 99% cooling water and 1% process water

WATER WITHDRAWAL, CONSUMPTION AND DISCHARGE

Total water withdrawal decreased 11% compared to 2022 and 19% compared to 2021. Total water consumption decreased 15% compared to 2022 and 19% compared to 2021. The water withdrawal intensity (m^3 per metric tons of production) decreased 5% from 2022 and 10% from 2021. Most of the water withdrawal is used for cooling water purposes (93%). The total water discharges decreased 11% compared to 2022 and 18% compared to 2021. Most of the water discharge is cooling water and other water that requires no treatment (98%). Water withdrawal and discharges decreased mostly due to a decrease in production and in particular a decrease in the production of water intensive products.

OVERVIEW OF WATER FLOWS (MEGALITERS)

		GRI disclosure	2023	2023	2022	2022	2021	2021
			All areas	Areas with water stress	All areas	Areas with water stress	All areas	Areas with water stress
Water withdrawal by source, total		**303-3**	74,056	519	82,973	489	90,875	514
Surface water			51,171	0	55,902	1	61,693	0
Ground water			2,117	133	2,326	147	2,573	228
Seawater			15,211	0	18,060	0	19,113	0
Produced water			274	71	166	73	160	85
Total third-party water			5,285	315	6,518	268	7,336	201
Third-party water by source	Surface water		N/A	230	N/A	196	N/A	139
	Groundwater		N/A	85	N/A	72	N/A	62
	Seawater		N/A	0	N/A	0	N/A	0
Water discharges by destination, total		**303-4**	68,885	175	76,939	207	84,360	294
Surface water			52,295	N/A	57,006	N/A	62,869	N/A
Ground water			0	N/A	0	N/A	0	N/A
Seawater			15,369	N/A	18,088	N/A	19,296	N/A
Total third-party water			1,221	N/A	1,845	N/A	2,194	N/A
Third-party water sent for use to other organizations			38	N/A	2	N/A	3	N/A
Water discharge by treatment	No treatment (mainly cooling water)		67,310	N/A	74,678	N/A	81,688	N/A
	Own treatment		354	N/A	416	N/A	478	N/A
Water consumption		**303-5**	5,171	344	6,035*	282	6,515	221

*Update to data was provided during 2023 data collection.

A breakdown of volumes by freshwater (<1,000 mg/L Total Dissolved Solids) and seawater (>1,000 mg/L Total Dissolved Solids) is not provided since only one site uses seawater as cooling water and discharges the cooling water back to seawater after cooling.

Produced water as defined in GRI 303 is generated in Kemira's two tall oil plants in which water is extracted from raw material in process and water as steam condensate for steam from off-site source is categorized as produced water.

Water consumption consists of the water withdrawn and incorporated into products, evaporated, consumed by humans, or otherwise unusable by others such that it is not released back to surface water, groundwater, seawater, or a third-party.

Water storage is not a significant water-related impact at our manufacturing sites and therefore, is not reported in our disclosure.

Water consumption is calculated as Total water withdrawal minus Total water discharge.

Kemira

WATER WITHDRAWAL AND FRESHWATER USE (MEGALITERS)

	2023	2022	2021
Process water withdrawal, total	4,611	6,365	7,001
Surface water withdrawal - Process	430	587	644
Groundwater withdrawal - Process	269	279	273
Seawater withdrawal - Process	0	0	0
Produced water - Process	170	69	75
Third-party water withdrawal - Process	3,716	5,411	5,987
Rain water - Process	27	18	22
Cooling water withdrawal, total	69,191	76,376	83,454
Surface water withdrawal - Cooling	50,714	55,297	61,006
Groundwater withdrawal - Cooling	1,801	1,988	2,193
Seawater withdrawal - Cooling	15,211	18,060	19,113
Produced water - Cooling	104	97	85
Third-party water withdrawal - Cooling	1,363	934	1,058
Rainwater - Cooling	0	0	0
Other water, total	254	232	420
Surface water withdrawal - Other	0	0	12
Groundwater withdrawal - Other	48	59	108
Seawater withdrawal - Other	0	0	0
Produced water - Other	0	0	0
Third-party water withdrawal - Other	206	173	291
Rainwater - Other	0	1	9
Water withdrawal intensity, m^3 per metric ton of production	15	16	17
Freshwater use, m^3	6,473	8,130*	9,027*
Freshwater use intensity, m^3 per metric ton of production	1.3	1.6*	1.7*
Production volumes, thousands of metric tons	4,856	5,197*	5,382*

* Updates to data were provided by sites during 2023 data collection.

Kemira calculates freshwater use as the m^3 of total freshwater withdrawal minus the m^3 of cooling water associated with once-through cooling water system and produced water. The freshwater use intensity is calculated as the freshwater use per metric ton of production.

Other water includes water used in ancillary operations such as water used as potable water, sanitary water and cleaning and washing of premises used for ancillary operations such as outdoor areas outside of production, workshops, offices and toilets.

Kemira's goal is to continuously decrease freshwater use intensity. Freshwater use intensity has decreased by approximately 15% from 2022 and 26% from the baseline year 2019 mostly due to decrease in the proportion of water-intensive products. Kemira calculates freshwater use as the m^3 of total freshwater withdrawal minus cooling water withdrawal associated with once-through cooling water systems and produced water. The freshwater use intensity is calculated as the freshwater use per metric ton of production with the baseline in 2019 at 1.8.

Wastewater generated from Kemira's manufacturing processes are primarily treated in third-party wastewater treatment plants. 78% of Kemira's wastewater that is required to be treated is treated at third-party wastewater treatment plants with no data available on direct effluent to water bodies. 22% of treated water is treated at own treatment plants. Kemira's most significant direct emissions to waterbodies include BOD, COD, TDS and TSS discharges. COD and TSS emissions are primarily associated with two manufacturing sites that have on-site wastewater treatment plants, while TDS emissions mostly originate from one site with cooling water discharge to surface water. The overall direct effluent emissions at Kemira are therefore minor.

TOTAL DIRECT EFFLUENT EMISSIONS BY QUALITY (METRIC TONS)

	2023	2022	2021
Biochemical oxygen demand (BOD)	0.3	0.2	0.2
Chemical oxygen demand (COD)[1)]	6.8	8.6	8.1
Total dissolved solids (TDS)[2)]	82.6	15.1	14.8
Total suspended solids (TSS)[3)]	3.2	9.8	16.7

1) Discharges from one biological wastewater treatment plant account for about 80% of the total COD discharges.
2) TDS effluent emissions originate mostly from one site with cooling water discharge to surface water. The increase in discharge is due to a reduced requirement for frequent cleaning operations of the on-site sump.
3) TSS effluent emissions originate mostly from one site with on-site wastewater treatment.

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Biodiversity and Ecosystems

Biodiversity for Kemira means developing and providing renewable solutions to customers, while reducing pressures on biodiversity and ecosystems, promoting the responsible use of natural resources through circularity in the whole value chain and in supporting our customers to move away from fossil-based raw materials. With the increased focus on water treatment solutions, we enable the availability of clean and high-quality water to nature and people.

In 2023, we expanded our biodiversity assessment to our Tier 1 suppliers. A consultancy-led, pilot-scale project was conducted to identify major indirect nature impacts and dependencies in our Pulp & Paper, Polymers and Coagulants segments. The work was carried out in accordance with the Step 1a&b guidelines of the Science Based Targets Network's (SBTN) Science-Based-Targets for nature, and both primary and secondary data sources were utilized. The results identified that the main indirect biodiversity impacts in the upstream value chain are caused through terrestrial ecosystem use, water use, GHG emissions and pollution. Supplier biodiversity assessments will continue in 2024.

Kemira continued its work as part of the Biodiversity ad hoc group organized and led by the Chemical Industry Federation of Finland. In 2023, we joined the SBTN framework training program launched by the UN Global Compact Finland with the aim to learn about the five-step process for identifying the most significant impacts on nature in the direct operations and upstream value chain. The program will continue until the spring of 2024.

The Integrated Biodiversity Assessment Tool (IBAT) and WWF Risk Filter Suite (Water Risk Filter and Biodiversity Risk Filter) are used to monitor priority areas in own operations. The priority sites in proximity to protected areas or areas of high biodiversity value are presented in the following table. Kemira's manufacturing sites (60) have environmental permits and are located on industrial land and utilize already existing infrastructure. Based on the environmental impact assessments conducted as part of the environmental permitting of the sites, Kemira's manufacturing sites do not have a direct substantial impact on biodiversity that adversely affect the integrity of a geographic area or change its ecological features and functions, and are not considered to have a direct material impact on the IUCN Red List of Threatened Species.

MANUFACTURING SITES IN RELATION TO PROTECTED AREAS OR AREAS OF HIGH BIODIVERSITY VALUE

Geographic location	Type of operation	Position in relation to the protected area or area of high biodiversity value	Size of operational site, ha	Biodiversity value of the protected area or area of high biodiversity value
Fray Bentos, Uruguay	Manufacturing	In the area[1]	7.0	Important Bird and Biodiversity Area - Terrestrial, Freshwater
Vancouver, Canada	Manufacturing	In the area	0.5	Important Bird and Biodiversity Area - Terrestrial, Marine
Helsingborg, Sweden	Manufacturing	Adjacent	116.2	Nature Reserve - Marine
Pori, Finland	Manufacturing	1) Contains portions[2] 2) Adjacent[3]	54.9	1) Important Bird and Biodiversity Area - Terrestrial, Marine 2) Special Protection Area (Birds Directive) - Marine
Krems, Austria	Manufacturing	Adjacent	2.2	1) Important Bird and Biodiversity Area -Terrestrial 2) Special Protection Area (Birds Directive) - Terrestrial
Ostroleka, Poland	Manufacturing	Adjacent	0.4	1) Important Bird and Biodiversity Area - Terrestrial 2) Special Protection Area (Birds Directive) - Terrestrial
Police, Poland	Manufacturing	Adjacent	3.0	Site of Community Importance (Habitats Directive) - Terrestrial
Teesport, UK	Manufacturing	Adjacent	8.1	1) Special Protection Area (Birds Directive) - Marine 2) Site Of Special Scientific Interest (Gb) - Marine
Washougal, USA	Manufacturing	Adjacent	4.5	National Wildlife Refuge - Terrestrial
Wroclaw, Poland	Manufacturing	Adjacent	4.7	Site of Community Importance (Habitats Directive) - Terrestrial

1) "In the area" means the entire area of the manufacturing site is within the protected area or area of high biodiversity value.
2) "Contains portions" means some part of the protected area or area of high biodiversity value lies in the area of the manufacturing site.
3) "Adjacent" is defined by Kemira as a maximum distance of 300 meters from the manufacturing site. The definition is subject to modification in accordance with the updated GRI guidelines.

Environmental Compliance

Kemira's integrated management system is a set of standards, procedures, and practices to achieve environmental goals through continual planning, implementation, evaluation, and review of environmental performance. One of the primary environmental goals of Kemira's management system is compliance with legal requirements. Kemira has identified its legal compliance obligations and implements an Auditing Standard to verify conformance. Kemira regularly conducts EHSQ compliance audits at manufacturing sites, research and development laboratories, and offices. Management system audits are performed on a periodic cycle (typically every 3 years) by Kemira's independent internal auditing team and external bodies. The audits focus on certain elements within the management system based on the risks and opportunities impacting the site, business segment, or Kemira as a whole at the time of the audit. To supplement this internal audit sampling approach, third-party legal compliance audits are conducted annually at a sampling of sites. Verification of legal compliance is also provided annually by all sites as part of the environmental performance data collection and reporting processes. Kemira's robust integrated management system requires all sites to report non-compliance to the group's Global EHSQ Team using our incident reporting program (Synergi Life).

Kemira received 6 (5 in 2022) fines or financial penalties related to one-time non-compliance incidents with environmental, health, and safety laws and/or regulations in 2023. The 6 fines (4 in the USA; 1 in Spain, and 1 in China) totaled approximately 18,000 (11,000 in 2022) EUR (ranging from approximately 1,000 EUR to approximately 5,000 EUR). Corrective actions required by the authorities were completed. Kemira does not consider these fines or penalties to be significant based on the criteria used in other sustainability reporting platforms (e.g., fines of at least 10,000 EUR) or based on disclosures of other companies in the chemical industry.

Kemira documented 15 (15 in 2022) non-compliance incidents (in addition to those associated with the fines or financial penalties described above) as part of its management system processes. These isolated incidents did not result in a significant impact on the environment, employees, or community, nor did they result in a sanction or other action from an environmental authority that would be considered significant. Corrective actions required from these incidents are completed according to the schedule established by the site. Corrective actions that require CapEx investments may require additional time to complete and may still be in progress as of 31 December 2023.

Resource Use and Circular Economy

Materials

The renewable materials used include mainly starches, tall oil, and fatty acid derivatives.

The recycled input materials are industrial by-products and recycled materials from external partners. These materials include mainly inorganic materials such as scrap iron, ferrous sulfate and spent pickling liquor bath. Industrial by-products are mainly from smelters, as well as steel and metal manufacturing. Inorganic by-products and recycled materials are mainly used in the production of inorganic coagulants, which are used in water treatment.

Materials	GRI disclosure	2023	2022	2021
Total raw materials used, million metric tons	301-1	2.52	2.48	2.51
Renewable raw materials, %	301-1	2.8	3.3	3.6
Renewable raw materials as a share of carbon-containing raw materials, %	301-1	18.4	19.7	21.3
Recycled raw materials, %	301-2	44.3**	37.9*	37.7
Carbon-containing raw materials, %		15.2	16.6	17.0

* 2022 recycled raw materials figures revised downwards 0,3pp from 2022 sustainability report due to incorrect assumptions used for certain raw materials in South America region.
** The increase in recycled raw materials in 2023 is mainly due to including ferrous sulphate from Pori landfill in reporting.

Products and Solutions

Kemira offers sustainable chemical solutions for water intensive industries and provides the best suited products, services and expertise to improve our customers' end-product quality, process and resource efficiency. Kemira's products can help reduce the need of energy and water, cut the amount of waste and emissions and optimize raw material use in customers' processes and end-products. Besides increasing resource efficiency, Kemira is actively developing novel renewable products and solutions that improve recyclability and biodegradability and decrease end-of-life emissions, to help customers accelerate circularity and meet their sustainability targets. In 2023, we continued to focus on product sustainability-related topics through our Positive Impact Portfolio sustainability program, where we systematically build further and empower our product sustainability evaluation capabilities, external certifications and communication. Carbon footprint data is already available for various products and product groups and LCA capabilities are further strengthened.

To better understand the impact of our customer offering, we calculate how large part of our product revenue is improving resource efficiency in our customers' applications. Our KPI is described as the share of revenue from products sold for use-phase resource efficiency. For example when a product is used to change the properties of customer's end-product it is defined as not improving the resource efficiency. The calculation and scoring logic has been the same since 2016, when the calculation was started. Each product line has been qualitatively scored (yes-high, yes-medium, yes-low, no, not applicable) and weighted for 34 different customer applications (both Pulp & Paper and Industry & Water segments). If the share of 'Yes' scoring is higher than the share of 'No' scoring, the product belongs to customer resource efficiency category. The target is to ensure that at least 50% of our revenue is generated through products that improve customers' resource efficiency. We have been able to improve the target from a baseline of 49% in 2016 to 59% in 2023. The increase of the figure is mainly due to portfolio changes.

	2023	2022	2021	2020	2019	2018	2017
Share of revenue from products sold improving customer resource efficiency	59%	53%	54%	52%	53%	51%	50%

Kemira's New Product Development (NPD) process, described in the Product Development section, is also a significant contributor in development of the sustainable products and solutions portfolio. During 2023, we initiated 11 (2022: 14) new product development projects, 82% of them aiming to improve customers' resource efficiency. At the same time, Kemira started commercialization for four new product development projects all contributing to improved resource efficiency for our customers. At the end of 2023, Kemira had 419 (2022: 401) patent families, including 2,041 (2022: 2,101) granted patents and 963 (2022: 1,026) pending applications. During 2023, Kemira applied for 55 (2022: 34) new patents.

The transition to renewable resources is one core element in Kemira's product portfolio strategy. This is advanced through our focus on renewable raw materials innovation and our public target of increasing our renewable products' revenue by 2030. 31% of our research and development efforts relate to renewable solutions. Replacing fossil raw materials with more sustainable alternatives is advanced in many ways. The mass balance concept, which enables quick expansion towards more sustainable products, having significantly lower end-of-life emissions compared to traditional products, is one of our approaches. This means that raw materials originating from renewable and circular feedstocks can be utilized in existing production infrastructures, creating identical product quality and performance to that of conventional products. Kemira uses the ISCC PLUS* certification system for the mass-balance accreditation because it is a globally widely recognized system and is also adopted by our suppliers and specific customers. Kemira produces certified biomass balance products in ISCC-accredited manufacturing facilities in multiple EMEA locations, and globally supplies them to customers in water-intensive industries. In 2022, Kemira was the first company in the world to sell ISCC PLUS-certified polyacrylamide (PAM) polymers and since then we have constantly grown our biomass balance business and expanded our portfolio offering to include various other product groups.

*ISCC PLUS is a sustainability certification program for renewable raw materials for all markets and sectors without regulation.

Waste

WASTE MANAGEMENT

Through our Sustainability Policy and Nature Stewardship program, Kemira strives to minimize the amount of industrial and municipal waste generated through consistent material flow management and drive improvements to the efficiency of manufacturing processes. Waste in Kemira is disposed of or recovered in compliance with statutory requirements.

Kemira is continuously working internally and together with its waste handling companies to decrease the amount of disposed waste through process optimization and by finding recovery options for waste streams. Wastewater classified as waste is mostly recovered by a combination of wastewater treatment and incineration with energy recovery. Kemira's manufacturing sites have no own waste disposal, e.g., own active landfills. Waste from manufacturing sites is collected by third-party waste handling companies that have permits to receive and manage waste. All waste is managed by third-party companies in compliance with local regulations. This is ensured as part of sourcing of waste management services.

Waste generated upstream in Kemira's value chain mostly includes waste generated by raw material suppliers. Kemira uses the EcoVadis platform to assess the sustainability of its suppliers. Waste management is included as one criteria in the EcoVadis platform. The scope and results of the 2022 EcoVadis assessment are presented in the chapter Sustainability Assessments and Audits of Supplier earlier in this report.

Waste generated downstream in Kemira's value chain mostly include products disposed of by Kemira's customers and packaging waste. Kemira operates in a B2B business environment. In the I&W sector, Kemira's water treatment products are disposed of or recovered after use depending on the client's application. In the P&P sector, Kemira's products are mostly used in paper and cardboard products. Paper and cardboard waste is generally mostly recovered, either recycled or incinerated with energy recovery. Approximately 92% of Kemira's product transportation to customers is bulk transportation with no packaging waste generated in practice. Approximately 4% of products are transported to customers in Intermediate Bulk Containers (IBCs) that are mostly recycled. Approximately 4% of products are transported to customers in other packaging such as drums, bags and other packaging that are assumed to be mostly recovered, either recycled or incinerated with energy recovery, but no data on packaging waste recovery and disposal methods at the customer end is available.

TOTAL WASTE GENERATION AND DISPOSAL

Waste data is collected by seven composition categories including chemical waste (filter cake, disposed products, and other chemical waste), sludge, metallic waste, mineral waste from construction and demolition and other mineral waste, soils, wastewater and other waste. Kemira follows local environmental permits in waste reporting and recovery and disposal method definitions. The most significant waste categories include chemical waste and wastewater. Some wastewater streams are defined as waste in local environmental permits and reported as waste to local environmental authorities, and therefore also reported as waste as part of Kemira's sustainability reporting.

Total waste generated by Kemira in 2023 was 90.6 thousand metric tons that is 16% less than in 2022 (107.7 thousand metric tons) and 23% less than in 2021 (117.0 thousand metric tons).

HAZARDOUS WASTE

Total hazardous waste generated by Kemira in 2023 was 17.3 thousand metric tons. Approximately 19% of Kemira's waste is hazardous waste. The volume of hazardous waste reduced by approximately 30% compared to 2022, and by approximately 33% compared to 2021. The main reason for the significant reduction from 2023 to 2022 was the disposal of a significant amount of contaminated soil as hazardous waste in 2022 at one site and the ceasing of the washing of tanks of tanker trucks at the end of 2022 at another site. Approximately 41% of Kemira's total hazardous waste is diverted from disposal and approximately 59% is directed to disposal.

NON-HAZARDOUS WASTE

Total non-hazardous waste generated by Kemira in 2023 was 73.3 thousand metric tons. Approximately 81% of Kemira's waste is non-hazardous waste. The total amount of non-hazardous waste decreased by approximately 12% compared to 2022. This is mostly due to disposal of accumulated non-hazardous waste at one site in 2022, a reduction of production at Kemira's most waste intensive site, general reduction in production and less non-production-related demolition and soil waste. Approximately 15% of Kemira's non-hazardous waste is diverted from disposal and approximately 85% is directed to disposal.

WASTE COMPOSITION (THOUSAND METRIC TONS)

	GRI disclosure	2023			2022			2021		
		Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
WEIGHT OF WASTE, TOTAL	**306-3**	90.6	17.8	72.7	107.7	21.5	86.2	117.1	40.5	76.5
Chemical waste		29.3	7.6	21.6	32.5	6.8	25.8	33.6	8.8	24.9
Filter cake		14.3	3.5	10.8	15.8*	2.8	13.1*	16.9*	5.2	11.7*
Disposed products		1.5	0.9	0.6	0.7	0.2	0.4	0.8	0.2	0.6
Other chemical waste		13.4	3.2	10.2	16.0*	3.8	12.3*	15.9*	3.3	12.6*
Sludges		4.8	3.6	1.2	5.0	3.2	1.8	5.7	4.0	1.6
Metallic waste		0.4	0.4	0.0	0.5	0.5	0.0	0.4	0.4	0.0
Mineral waste from construction and demolition		1.0	1.0	0.0	1.5	1.5	0.0	1.6	1.6	0.0
Soils		2.0	1.9	0.1	6.6	6.5	0.1	5.9	1.1	4.7
Wastewater		46.7	0.6	46.1	55.2	0.6	54.7	62.4	21.8	40.6
Other waste		6.3	2.6	3.6	6.3	2.5	3.9	7.4	2.7	4.6

* Updates to data were provided by sites during 2023 data collection. Correction of systematic error in historical data reporting.

WASTE DIVERTED FROM DISPOSAL BY RECOVERY OPERATION (THOUSAND METRIC TONS)

	GRI disclosure	2023	2022	2021
WEIGHT OF WASTE DIVERTED FROM DISPOSAL, TOTAL	**306-4c**	17.8	21.5	40.5
Hazardous waste	**306-4b**	7.1	10.0	8.3
Preparation for reuse		0.0	0.0	0.0
Recycling		5.4	5.1	7.2
Other recovery operations		1.6	4.9	1.0
Non-hazardous waste	**306-4d**	10.8	11.5	32.3
Preparation for reuse		0.3	0.1	0.2
Recycling		8.7	7.6	27.7
Other recovery operations		1.9	3.8	4.3

WASTE DIRECTED TO DISPOSAL BY DISPOSAL OPERATION (THOUSAND METRIC TONS)

	GRI disclosure	2023	2022	2021
WEIGHT OF WASTE DIRECTED TO DISPOSAL, TOTAL	**306-5c**	72.8	86.2	76.5
Hazardous waste	**306-4b**	10.2	14.7	17.5
Incineration (with energy recovery)		4.0	5.1	4.9
Incineration (without energy recovery)		0.6	0.4	0.8
Landfilling		3.0	1.6	1.6
Other disposal operations		2.7	7.6	10.3
Non-hazardous waste	**306-4d**	62.5	71.5	59.0
Incineration (with energy recovery)		46.6	53.2	41.4
Incineration (without energy recovery)		0.3	0.2	0.2
Landfilling		11.4	14.4	13.4
Other disposal operations		4.2	3.7	4.1

Waste disposal method was determined based on information in environmental permits and provided by waste disposal contractors.

All waste presented in tables above is either diverted from disposal or directed to disposal off-site. There was no on-site disposal in Kemira in 2023.

Kemira

ANNUAL REVIEW

SUSTAINABILITY REPORT

Our Management Approach

Climate Action and Nature Stewardship

— Resource Use and Circular Economy

Social Responsibility

Responsible Business Practices

The Organization and its Reporting Practices

External Assurance Report

GRI Content Index

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

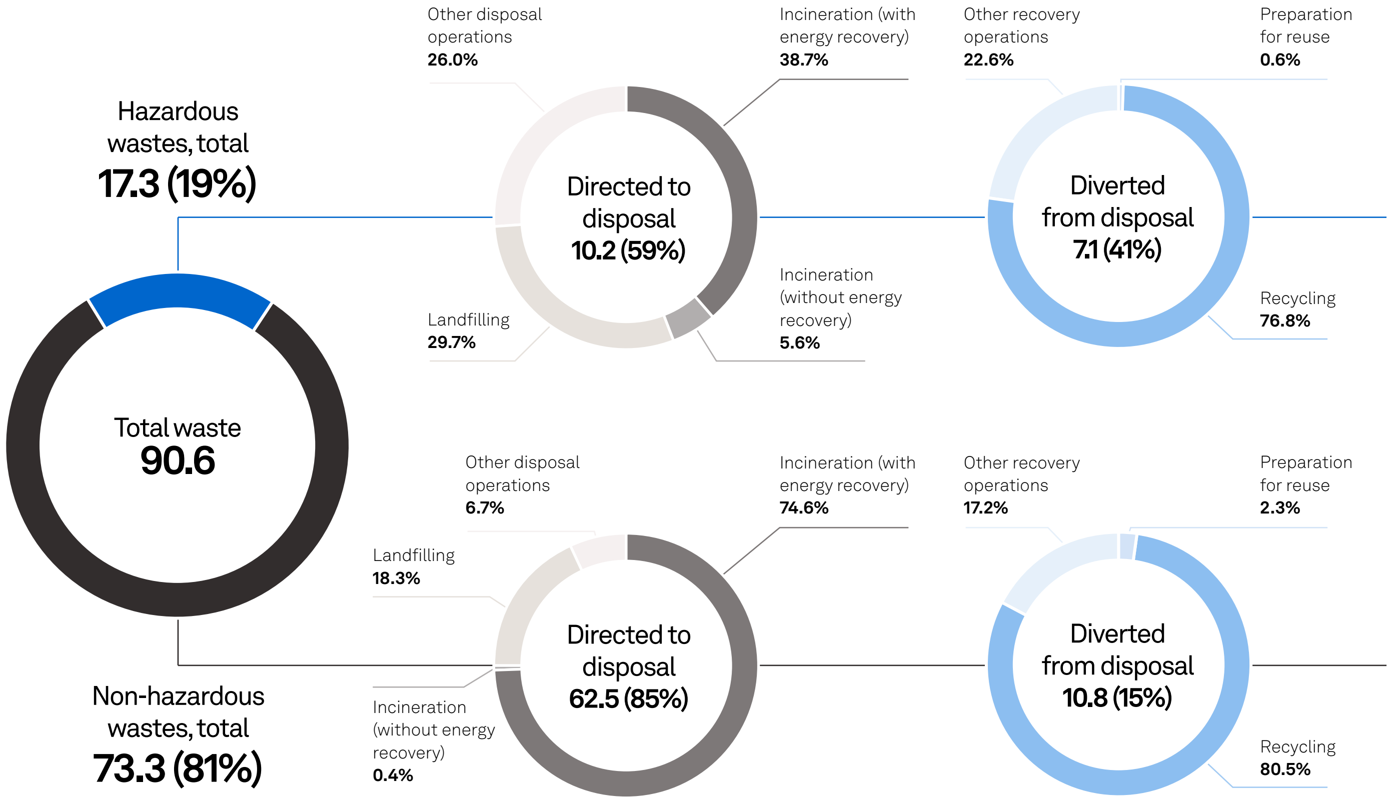
PRODUCTION WASTE, WASTE TARGET AND RECOVERY RATE

Most of Kemira's waste is production waste. Other waste categories are non-production waste and disposed products that are defined as follows:

- Non-production waste:
  - Expired or outdated raw materials.
  - Contaminated soil or debris from a spill.
  - Construction and demolition waste, including waste (reusable and non-reusable) associated with plant or site closures.
  - Biomass from gardening and pruning activities.
  - Laboratory/warehouse cleanouts.
  - Non-routine tank/railcar cleaning waste.
- Disposed products:
  - Kemira's products that have been disposed of or recovered by a third-party disposal company.

TOTAL WASTE BY TYPE AND DISPOSAL METHOD (OFFSITE)

1,000 TONS



WASTE CATEGORIES (THOUSAND METRIC TONS)

	2023	2022	2021
Production waste	84.3 (93%)	94.6 (88%)	103.1 (88%)
Non-production waste	4.7 (5%)	12.4 (11%)	13.1 (11%)
Disposed products	1.5 (2%)	0.7 (1%)	0.8 (1%)

Kemira's target is to reduce disposed production waste intensity by 15% by 2030. For this target, we measure disposed production waste. This includes both hazardous and non-hazardous waste. It excludes waste that is recovered, e.g., via recycling, reuse and incineration with energy recovery. It is expressed as an intensity; metric tons of waste per thousand metric tons of production. The baseline is 2019 at 4.6 and target is 3.9 by 2030. The intensity in 2023 was 4.4, which is less than the 4.6 recorded in 2022 and the baseline of 4.6. The 2022 figure includes some accumulated production waste from previous years at one site. Kemira continues to identify opportunities and takes actions to decrease disposed waste generation in cooperation with waste handling companies and by using product line-specific data. Calculation of the target is presented in the next table.

Kemira follows the recovery rate of production waste. The recovery rate of production waste remained at the same level as in 2022. The calculation of the recovery rate of production waste is presented in the following table.

PRODUCTION WASTE BY TYPE AND DISPOSAL METHOD (THOUSAND METRIC TONS), WASTE TARGET AND RECOVERY RATE

	2023	2022	2021
Hazardous waste	15.0	16.9	20.7
Preparation for reuse	0.0	0.0	0.0
Recycling	4.7	5.0	6.9
Other recovery operations	0.9	0.9	1.0
Incineration (with energy recovery)	3.4	4.9	4.8
Incineration (without energy recovery)	0.4	0.3	0.7
Landfilling	3.0	1.5	1.5
Other disposal operations	2.5	4.4	5.8
Non-hazardous waste	69.3	77.7	82.4
Preparation for reuse	0.2	0.1	0.2
Recycling	5.5	4.4	26.4
Other recovery operations	1.6	2.4	2.8
Incineration (with energy recovery)	46.5	53.2	37.4
Incineration (without energy recovery)	0.2	0.1	0.1
Landfilling	11.2	13.8	11.5
Other disposal operations	4.1	3.7	3.9
Grand Total	84.3	94.6	103.1
Total disposed production waste	21.4	23.7	23.6
Recycling rate of production waste, %[2]	75	75	77
Disposed production waste intensity (Kemira waste target) metric tons per metric tons of production[1]	4.4	4.6*	4.4*
Production volumes, thousand metric tons	4,856	5,197*	5,382*

* Updates to data were provided by sites during 2023 data collection.

1) Incineration (without energy recovery), Landfilling and Other disposal operations are included in calculation of the waste target (disposed production waste intensity). Incineration (with energy recovery) is considered as recovery operation in the target calculation.

2) Preparation for reuse, Recycling, Other recovery operations and Incineration (with energy recovery) are considered as recovery operations in calculation of recovery rate of production waste.

WASTE RECOVERED FROM LANDFILL

Kemira continues to recover raw material from landfill at the manufacturing site of water treatment chemicals in Pori, Finland. The primary raw material of Kemira's process (ferrous sulphate) was supplied by a titanium dioxide plant in the same industrial park. However, the supplier's operations were discontinued following a fire in 2017. In response to the raw material supply interruption, Kemira identified a closed, on-site landfill as an alternate supply of ferrous sulphate. The end-of-waste criteria of the EU Waste Framework Directive was applied in the environmental permitting process to facilitate the reuse of former waste. Since the landfill mining began, Kemira has utilized approximately 960,000 metric tons of ferric sulphate from the landfill as raw material and there is additional capacity available for use, putting some 30 years of accumulated industrial by-product back into our circular economy. In 2023, a total of 166,066 metric tons of ferrous sulphate was recovered from the landfill.

WASTE RECOVERY IN SITE CLOSURE PROJECTS

In accordance with GRI standards, Kemira's sustainability reporting is limited to currently operating manufacturing sites. Kemira supports waste recovery and the circular economy in all its operations. In addition to manufacturing sites, waste is generated in site closure projects. In 2023, Kemira continued site closure activities at a site closed in 2013 in Vaasa, Finland, with soil and landfill remediation. In total approximately 66,000 metric tons of excavated soil and 30,300 metric tons of concrete and brick waste from demolition of the on-site industrial buildings have been utilized in reconstruction of the landfill in accordance with acceptance criteria permitted by the authorities to replace virgin materials transported from off-site sources.

SIGNIFICANT SPILLS[1]

Kemira's definition of a significant spill is a spill resulting in either of the following:

- A spill or release of more than 1,000 kg of a hazardous chemical to the air, soil, or water.
  - A hazardous chemical is a chemical identified as hazardous or dangerous by applicable legislation or by internationally-recognized protocols such as the United Nations Dangerous Goods classification.
- An incident that results in substantial negative publicity.

In 2023, there were 3 significant spills compared to 5 in 2022.

All of the significant spills occurred at our manufacturing sites. Two incidents occurred in the USA and one incident took place in Finland. The total volume of the significant spills was approximately 5 metric tons.

The incident in Finland was a spill of 1,075 kg of transformer oil to a lake due to an equipment failure. The plant was shut down and an oil spill response was initiated immediately to minimize environmental impacts. Based on environmental investigations, the environmental impacts were temporary and limited.

The significant spills did not have a permanent or significant impact on the environment beyond the remediated material. The financial impact of all spills has been consolidated in Kemira's **Financial Statements.** These spills were not separately reported in Kemira's Financial Statements.

TRANSPORT OF HAZARDOUS WASTE

In 2023, approximately 30 (27 in 2022) metric tons of hazardous waste were transported by, or on behalf of Kemira, to external suppliers not owned by Kemira. Hazardous waste was not imported or treated by Kemira in 2023.

One of our sites in South America does not have a treatment or disposal option within the country for some of its hazardous wastes. Therefore, it must be shipped to the EU for disposal. In 2023, there were approximately 27 (27 in 2022) metric tons of hazardous waste exported from South America to Europe for disposal. In addition, approximately 3 metric tons of hazardous waste between EU countries was exported. In total, less than 1% of the hazardous waste generated in 2023 (less than 1% in 2022) by Kemira was shipped internationally.

[1] The effluents-related content of the GRI Standard GRI 306: Effluents and Waste 2016 has been superseded by GRI Standard GRI 303: Water and Effluents 2018, and the waste-related content has been superseded by GRI 306: Waste 2020. The spills-related content in GRI 306: Effluents and Waste 2016 remains in effect.

Social Responsibility

Own Workforce, Contingent Workers and Contractors

EMPLOYMENT

At the end of 2023, Kemira employed 4,915 people (4,902 in 2022). The employee distribution by region shows that 51% (50%) of Kemira's total workforce were employed in EMEA, and 30% (31%) in the Americas. The number of employees has increased by 13 (compared to a decrease of 24 during 2022). Most employees work with permanent and full-time employment contracts. The share of temporary contracts and part-time workers has been stable. Workers who are legally recognized as self-employed, or individuals other than the ones on Kemira's payroll are not counted in these numbers.

TOTAL NUMBER OF EMPLOYEES

	2023	2022	2021
Total number of employees*	4,915	4,902	4,926
Female, %	27%	27%	26%
Male, %	73%	73%	74%
White collar, %	60%	59%	59%
Blue collar, %	40%	41%	41%

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

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY), BY GENDER

	2023	2022	2021
Total number of employees	4,915	4,902	4,926
Total permanent	4,839	4,817	4,846
Total fixed-term*	76	85	80
Female total	1,327	1,305	1,291
Permanent	1,303	1,270	1,257
Fixed-terms*	24	35	34
Male total	3,588	3,597	3,635
Permanent	3,536	3,547	3,589
Fixed-terms*	52	50	46

*Fixed-term meaning temporary employment contract.

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY), BY REGION

	2023	2022	2021	%, 2023	%, 2022	%, 2021
Total number of employees	4,915	4,902	4,926			
Americas	1,484	1,525	1,487	30%	31%	30%
APAC	932	931	923	19%	19%	19%
EMEA	2,499	2,446	2,516	51%	50%	51%
Permanent total	4,839	4,817	4,846	98%	98%	98%
Americas	1,481	1,520	1,486	31%	32%	31%
APAC	932	931	923	19%	19%	19%
EMEA	2,426	2,366	2,437	50%	49%	50%

A temporary (fixed-term) employment contract is a type of employment used mainly in EMEA, atypical for Americas and APAC. In 2023, there were 76 employees (1.5%) with temporary contract (85; 1.7% in 2022).

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE (FULL-TIME AND PART-TIME), BY GENDER

	2023	2022	2021
Total employees	4,915	4,902	4,926
Total full-time	4,831	4,829	4,845
Total part-time	84	73	81
Female total	1,327	1,305	1,291
Full-time	1,273	1,250	1,230
Part-time	54	55	61
Male total	3,588	3,597	3,635
Full-time	3,558	3,579	3,615
Part-time	30	18	20

The total number of part-time workers is low and for this reason we have not considered it material to report these per regions.

Collective bargaining agreements

The collective bargaining agreements are measured for 'significant locations of operations' referring to countries with 10 or more employees. In Kemira's case, there are 24 such countries and altogether these countries represent 99% of all employees.

In 2023, 2,234 (45%) of Kemira employees globally were covered by collective bargaining agreements (2,329; 48% in 2022). Working conditions and terms of employment of those employees who are not covered by collective agreements, are defined based on company policy, local labor laws and applicable legislation.

TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES DURING THE REPORTING PERIOD, BY AGE GROUP, GENDER AND REGION

	Number of new hires			New hires, %		
	2023	2022	2021	2023	2022	2021
Total new hires	610	626	526			
New hires by age group						
<30	247	259	220	40%	41%	42%
30 - 50	287	295	247	47%	47%	47%
>50	76	72	59	12%	12%	11%
New hires by gender	610	626	526			
Females	158	192	146	26%	31%	28%
Males	452	434	380	74%	69%	72%
New hires by regions	610	626	526			
APAC	55	65	56	9%	10%	11%
EMEA	340	312	275	56%	50%	52%
Americas	215	249	195	35%	40%	37%

TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER DURING THE REPORTING PERIOD, BY AGE GROUP, GENDER AND REGION

	Turnover			Turnover, %		
	2023	2022	2021	2023	2022	2021
Total turnover	480	541	403	10%	11%	8%
Turnover by age group						
<30	70	71	58	14%	14%	12%
30 - 50	234	304	200	8%	11%	7%
>50	176	166	145	11%	11%	9%
Turnover by gender	480	541	403			
Females	93	141	90	7%	11%	7%
Males	387	400	313	11%	11%	9%
Turnover by region	480	541	403			
APAC	54	57	56	6%	6%	6%
EMEA	172	277	173	7%	11%	7%
Americas	254	207	174	17%	14%	12%

The total turnover is based on permanent workforce.

Workers, who are not employees (Contingent workforce)
The contingent workforce describes non-Kemira employees employed by a third-party partner but perform their work on behalf of Kemira. The proportion of contingent workers in comparison to Kemira's total headcount was 8.7% in 2023 (8.2% in 2022). Typically, contingent workforce provide temporary resourcing with specified skills and competences, substitute others or balance out seasonal workload fluctuations.

In addition, Kemira uses external service providers (contractors) who work at Kemira locations. These services cover, for example, cleaning, maintenance work and consultancy services. We do not record the number of people, but follow the contractor hours as this information is included in the workplace safety indicator TRIF. In 2023, there were approximately 3.35 million hours, equals to around 1,790 FTE (Full Time Equivalents) when assuming 7.5 hours per day and 250 working days per year.

	2023	2022	2021
Total number of contingent workers	428	403	453
Manufacturing	82	88	106
Sales and Field Service	185	151	182
Other professional and office	161	164	165

LABOR-MANAGEMENT RELATIONS

Annual total remuneration development
Kemira is a global company with operations and employees in multiple countries and the market remuneration levels differ significantly between these countries. To ensure alignment with the interests of the CEO and the shareholders, the weighting of variable remuneration, and especially long-term incentive plans, in the CEO's total remuneration opportunity is substantial.

The next table sets out the remuneration paid during the respective year, considering that a portion of that remuneration may have been earned during the previous year.

The total remuneration of the CEO includes the regular base salary, benefits, short and long-term incentive payments for Jari Rosendal until July 31, 2023, and for the Interim CEO, Petri Castrén, starting July 18, 2023. The final salary payment and closing of ongoing short- and long-term incentive programs concerning the President & CEO Jari Rosendal after July 31, 2023 have been excluded from this overview. The details of the payments are being disclosed in the Kemira Remuneration Report 2023.

Annual total remuneration development	2023	2022	2021
CEO total remuneration*	€2,009,668	€1,453,573	€1,537,148
CEO total remuneration development YoY	138	95	90
Average total remuneration for all employees **	€66,527	€65,294	€56,254
Average total remuneration development YoY	102	116	96
Ratio CEO total remuneration vs average total remuneration for all employees	30	22	27
Ratio development YoY	136	82	94

* Paid base salary, benefits, defined contribution pension, short- and long-term incentives.
** Employee wages and salaries including accrued short-term incentives, excluding side costs, excluding CEO total remuneration.

Flexible working and other benefits to support engagement and well-being
Kemira's hybrid work philosophy guides our flexible working model to drive engagement and performance while supporting employee well-being. At the same time it establishes Kemira's expectations regarding collaboration and the fostering of our culture and values. Employees, whose job can be performed outside a Kemira office or facility, can work with a hybrid work mode, based on Kemira's hybrid work philosophy and guiding principles. In 2023, 51% of our white collar employees (1,506 employees) worked in the hybrid manner, and 24% (698 employees) are fully remote workers working mainly for commercial units. Our manufacturing and some other operations require physical presence at the sites and that is why we constantly seek additional opportunities to increase flexibility for people working in these units. During 2023, we began extended flexibilities in working hours with pilot with compressed working, and prepared a model for job sharing. Based on our experiences with these pilot initiatives, these and other models offering further flexibilities will be introduced more broadly.

The benefit programs at Kemira differ depending on regional and country-specific practices, and in recent years in many countries we have further extended the benefits that support overall employee well-being. 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 a certain length.

Benefit practices are country-specific and typically do not vary between locations and operations. Some exceptions apply, for example some countries offer additional insurance and/or retirement benefits for permanent full-time employees.

Minimum notice periods regarding operational changes

As stated in our Code of Conduct, all sites are obliged to follow local legislation, regulations and other agreements regarding labor practices, including notice periods. Minimum notice periods are defined in laws or in collective agreements, and are followed in each country accordingly. 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 six months in some countries and for major changes, varying between one to two months in most countries.

WORKPLACE SAFETY

High-performing Environmental, Health, Safety and Quality (EHSQ) management is crucial to our business. We are committed to ensuring safe and responsible working conditions for everyone working for and with Kemira. Our approach is to manufacture and deliver our products and services safely, and to protect our nearby communities. We are building an interdependent safety culture which is driving us towards zero harm in all of our activities. We are continuously striving to improve our ways of working to ensure the safety of our people and working environments. All our work is guided by regulations and external requirements, our Sustainability policy, respective standards and operating practices.

Safety is the foundation for all our operations, and includes all aspects; people safety, environmental safety, process safety, chemical safety, transportation safety and asset integrity. With competent employees and contractors we take effective measures to eliminate hazards, reduce risks and prevent incidents. We communicate openly and honestly, and promote active participation of employees and key stakeholders.

We understand incidents in our operations may have negative consequences for our people, environment and third-parties working for us at Kemira sites, or locations where Kemira is present if we fail to manage risks linked to our operations.

OCCUPATIONAL HEALTH AND SAFETY

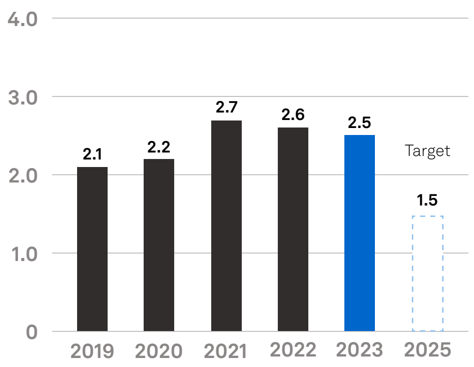
Kemira reports its occupational safety performance indicator as Total Recordable Injuries (TRI), which includes permanent injuries and fatalities, lost time incidents, restricted work cases and medical treatment cases, and covers both Kemira employees and contractors working at Kemira owned and customer sites. TRI Frequency (TRIF) is measured as Total Recordable Injuries per million working hours.

Kemira uses external service providers (contractors) who work at Kemira locations. These services cover maintenance, repair, turnaround, major renovation or specialty work at Kemira sites. Contractor hours are tracked as this information is included in the workplace safety indicator TRIF. Third-party transportation companies, whether on-site or off-site, are excluded and incidental facility services such as janitorial work, food and drink services, laundry, delivery or other supply/resupply services are also excluded. In 2023, there were approximately 3.35 million hours which equals to approximately 1,790 FTE (Full Time Equivalents) when assuming 7.5 hours per day and 250 working days per year.

Our safety performance remained at the same level in 2023 compared with our performance in previous two years (2021 and 2022). Forty-two out of sixty manufacturing sites had zero incidents in 2023. The total number of TRIs in 2023 (2022) was 37 (36) and TRIF improved slightly to 2.5 (2.6) due to higher number of contractor working hours. Kemira employee TRIF was at the target level, 1.9 (21 injuries). The number of contractor injuries was 16 (13 in 2022), however the contractor TRIF improved from 5.2 to 4.8. The second and the fourth quarters of 2023 were the most challenging ones, with 11 injuries recorded. In response to increasing incident trends during this period, a global Safety Alert was sent to all of our manufacturing sites and systematic safety communication was continued. In April 2023, we invited all our employees to join the Internal Labor Organization’s (ILO) Safety Day in order to strengthen our safety culture with the themes "Everyone cares for each other and working environment" and "Everyone has the right and duty to call out unsafe behavior." Although we were not able to reach our 2023 TRIF target of 1.9, our safety performance has become steady, and is comparable to equivalent industrial safety performance levels. To achieve a world class target (<2.0) Kemira will continue to focus on safety awareness via training, behavior-based safety, contractor management, and hierarchy of controls. We will put a great effort to achieve our 2024 target of TRIF 1.9.

There have been no fatalities involving Kemira employees or contractors since 2005. The number of Lost Time Incidents (LTIs) remained at the same level as in 2022 (21). Unfortunately, we had one permanent injury involving a contractor at a manufacturing location. They were carrying out work at height on a scaffold and as part of hoisting task a piece of railing was removed (an unauthorized action). A contractor fell from the scaffold, causing an injury which required a surgical operation. The person has not fully recovered and is continuing rehabilitation. It is unclear how and when the person can return to work. The case was classified as a permanent injury in the Kemira incident recording system, and the case is closed internally. The incident was reported to authorities according to local reporting requirements.

OUR SAFETY PERFORMANCE (TRIF)



TRIF: Total Recordable Injury Frequency per million hours

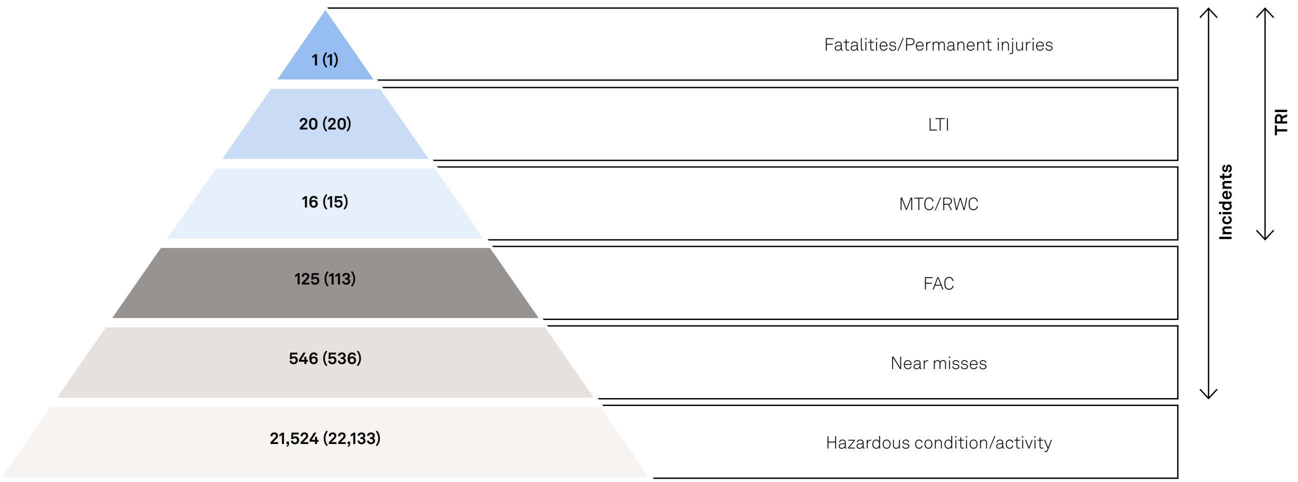
The number of Near Miss reports (546), which under different circumstances could have resulted in harm to people, were slightly higher compared to the previous year (536). The number of Near Misses may still increase when all Safety Observations and Near Miss cases are reviewed, classified and closed. Based on figures from the previous years, a 5-10 % increase is expected in the final 2023 Near Miss total.

One of our important leading safety indicators is Hazardous Conditions/Activities reporting, which reflects environmental or behavior-related hazards at the workplace. The number of reported Hazardous Conditions/Activities stayed at stable level and the outcome was 21,524 in 2023 which is equal to 4.4 per Kemira employee. The proactive reporting of Hazardous Conditions/Activities helps us to identify possible weaknesses in our safety management system, and is an example how we continuously improve our ways of working and work environment.

The Behavior Based Safety (BBS) program continued in 2023. Kemira employees performed over 15,000 BBS observations in 2023. The employee engagement and proactive identification of safe/at-risk behaviors stayed at the same level as the year before. We continued our project to refresh our BBS program. As part of this project, we arranged refresher trainings for our personnel. During the trainings we shared our experiences, discussed how to carry out observations, and how to give and receive feedback. We also added "positive observation" case as a new observation type in our safety reporting software. Our target is to widen the number of observers, to further develop our safe ways of working and increase safety awareness in our organization. We believe including employees at all levels of the organization and driving managerial accountability together with understanding human aspects of safety are keys to better safety performance.

Kemira's Commercial Sales Representatives & Field Customer Service Personnel perform various tasks at customer locations. Depending on the applications and customer requirements they can perform tasks such as equipment installation and maintenance, chemical dosing, test trials, process sampling and analyzing, and inventory management. In 2023, we updated our tools to better identify and document the work-related hazards and their controls. In addition, we continued our work to identify all work scopes at customer location and to develop global Standard Operating Procedures. Commercial Sales Representatives completed more than 1,400 job hazard assessments, equipment inspections, or safety inductions in our online application.

PERSONAL INJURIES PYRAMID 2023 (2022)



Incident classification	Definition
Permanent injury	A work-related injury leads to damage that will indefinitely restrict the employment or other everyday activities of an individual.
Lost Time Incidents (LTI)	A work-related injury or illness, suffered by a Kemira employee or contractor resulting in at least one full day of time away from work (this does not include the day of the injury), as determined by a physician or other licensed health care professional.
Medical Treatment Case (MTC)	Any work-related injury or illness that requires professional medical treatment or a prescription medication. Medical Treatment means beyond first aid-level medical attention.
Restricted Work Case (RWC)	A work-related injury or illness that requires the employee to have restricted work, or transfer to another job for at least one full day, as determined by a physician or other licensed health care professional.
Total Recordable Injury (TRI)	TRI is the sum of Fatalities, LTI, RWC, and MTC.
First Aid Case (FAC)	First aid refers to a work-related minor injury or illness which can be treated by a first responder or equivalent and does not require a professional physician or paramedic medical attention.
Near Miss	An undesired event in the work environment that under different circumstances could have resulted in harm to people.
Hazardous Condition/Activity	Leading safety indicator reflecting environmental or behavior-related hazards at the workplace.

In autumn 2023, we launched the MySafety Pulse survey (Glint). In this survey we wanted to hear our employees' feedback on safety at Kemira. The response rate was aligned with the manufacturing benchmark (75%). We received the highest scores on the questions; "Ensuring safety is part of the way we do things around here" (score 90), "I can speak up about safety without fear of retaliation" (score 89) and "Safety is a shared responsibility in my team" (score 88). Overall, we saw improvements in twelve out of seventeen questions and only one question decreased one point.

As part of our development program, a Travel Safety Awareness training program was assigned to Kemira personnel engaged in business travel. Training sessions were launched via the Kemira internal learning management system, MyKem, covering medical and security risk awareness and the goal was also to increase awareness of critical services available to employees in the case of emergency while travelling for business.

During 2023, the systematic reporting of process safety incidents (RPSI) based on the International Council of Chemical Associations (ICCA) definition continued throughout the year. The investigation and corrective action effectiveness reviews with senior management were carried out for more significant cases. Other cases were assessed without review for corrective action effectiveness. Under our process safety training initiative, we conducted two training sessions on essential design and project-related topics, Management of Change and Pre-Startup Safety Review. All training involves a competency test to confirm understanding. A review of Kemira's Permit to Work practices at sites were conducted at all EMEA and APAC sites during 2023, and are scheduled to take place at our sites in the Americas in 2024.

We have continued our development activities with contractor management. For example, Permit to Work reviews directly support contractor safety as permit to work is one of our key controls at our sites. We also focused on contractors working on our behalf at customer locations by improving communication of Kemira safety requirements and customer/ application-specific safety inductions. The periodical contractor performance evaluation process was reviewed, updated, and rolled out with high priority contractors.

Overall transportation safety performance has continued to stay at a low level since the beginning of 2021. We have been able to sustain a Kemira Global transportation incident KPI rate of approximately 1 incident per 10.000 deliveries for the past three years . Proactive communication and excellent co-operation with the manufacturing sites, Logistics and PSRA, together with ongoing transportation safety audits and Job Hazard Analysis (JHA) reviews have contributed to better performance. New safety programs and standardization projects introduced during 2023 and continuing into 2024 will be ongoing. For example, the Transportation Safety Project (EMEA), reviewed existing processes in manufacturing and the supply chain for compliance and identified potential improvements. I&W Americas initiated a standardization project across all plants for safe loading of Kemira products. The new KemScale project was introduced in the Americas for electronic pre-loading / loading / post- loading inspections. Continued support for the sites, Logistics and PSRA regarding transportation-related activities and compliance assurance for implemented standards and procedures will help us achieve our goals for 2024.

TOTAL RECORDABLE INJURIES

	2023	2022	2021
Total TRI	37*	36*	36
Kemira employees	21	23	28
Contractors working at Kemira site	16	13	8
Regional TRI			
APAC	2	1	3
EMEA	14	19	21
Americas	16	15	12
TRI Frequency			
Global TRIF	2.5	2.6	2.7
Kemira employees	1.9	2.0	2.5
Contractors working at Kemira site	4.8	5.2	3.6
Regional TRIF			
APAC	0.6	0.3	1.0
EMEA	2.5	3.5	4.0
Americas	4.3	3.8	3.3

*2023 Global Functions/Global Engineering & Technology 5 TRIs, 2022 Global Functions 1 TRI.

LOST TIME INCIDENTS

	2023	2022	2021
Total LTI	21*	21	22
Kemira employees	12	15	17
Contractors working at Kemira site	9	6	5
Regional LTI			
APAC	2	1	0
EMEA	9	13	16
Americas	8	7	6
LTI Frequency			
Global LTI	1.4	1.5	1.6
Regional LTI			
APAC	0.6	0.3	0.0
EMEA	1.6	2.4	3.0
Americas	2.1	1.5	1.6

*2023 Global Functions/Global Engineering & Technology 2 LTIs.

PERFORMANCE MANAGEMENT AND DEVELOPMENT

Average hours spent on learning and development per year per employee

In 2023, Kemira continued to advance towards its aims to capture all training, education, and employee development related hours in the learning management system (LMS). So far, leadership development activities, regional and global competence development, vocational training programs, and many local programs are recorded in the LMS. However, some remaining training and development activities are still recorded locally and not covered in these numbers.

Learning hours registered in the system for larger countries in 2023 are

Country	2023	2022	2021
Finland	8,010	5,089	6,427
UK	5,615	3,245	4,719
Sweden	5,114	4,685	4,327
USA	6,458	6,936	7,444
Netherlands	3,571	4,014	4,565
China	12,565	18,370	31,578
Poland	2,364	3,684	3,838

There were variations in some of the biggest countries but in general, the total learning hours were on the same level as in 2022.

The globally registered average hours of learning for employees do not differ significantly by gender or white/blue collar distribution in 2023.

Programs for upgrading employee skills and transition assistance programs

Kemira provides each employee with access to the relevant competence development programs and structured learning opportunities to support the upgrading of employee skills through on-the-job learning programs (including generic and job-specific competence development), buddy/coaching/mentoring programs and traditional methods like classroom and digital learning.

The scope includes:

- Competence development programs, sustainability data and analytics, and safety culture.
- Leadership development (internal and external) programs.
- Professional and technical competence development programs covering upskilling and reskilling.
- Statutory or compliance-related programs.

All of these programs are available based on position, skills/competence level and career aspirations. With the exception of leadership development programs and other external cost-based programs (pre-approval required), employees can enroll and complete the self-paced learning programs available through our LMS (Learning Management System).

Examples of global and regional programs offered during 2023 are listed below:

- Code of Conduct, training on Gifts, Entertainment and Anti-Bribery, Speak Up, Information Security Awareness (renewed training launched in November 2023) and other compliance programs delivered mainly as eLearning.
- New training programs on Diversity, Equity and Inclusion offered through eLearning and facilitator-led virtual, face-to-face and hybrid training sessions.
- Sustainability: Introduction to Sustainability at Kemira, Kemira as a Sustainability-Focused Company. New eLearning courses were introduced within the Selling Sustainability training collection in addition to the Introduction to Biobased Products: Footprint, Handprint & Impact, Part 1: Basic Concepts and Kemira Footprint, and Part 2: Kemira Handprint and Impact in Society.
- Learning solutions for Commercial and Manufacturing roles as part of professional competence development included trainings on financial acumen, change management, EHSQ matters and commercial competences. A new virtual facilitator-led program on Communication was launched in 2023.
- EHSQ-related programs including Sustainability and EHSQ Policy, and EHSQ Standards are assigned as mandatory training to relevant employees to ensure safety awareness, understanding, compliance, and the further development of our Safety culture.
- Training on Project Management.
- Leadership training programs covering Kemira's leadership principles including High Impact Virtual Experience leadership development workshops.

Kemira also provides transition assistance programs where relevant, with bigger changes to facilitate the continued employability and the management of career endings resulting from retirement or termination of employment. These have included:

- Identifying new job opportunities and offering respective training.
- Severance pay.
- Career planning and out-placement/job placement services.

Percentage of employees receiving regular performance and career development reviews

Our global performance and development discussion (PDD) process facilitates meaningful conversations between employees and managers, emphasizing performance, development, and engagement. It is an ongoing process that aims to establish a shared understanding of what needs to be achieved and how to achieve it using 4 core elements:

1. My Performance - setting performance targets and objectives in the beginning of the year and reviewing the progress and achievements regularly.
2. My Development - evaluating competencies, strengths and development areas in the current role, planning actions to support performance objective and career aspirations.
3. My Follow-up and Feedback - having regular discussions, follow-ups and feedback from direct manager, colleagues and stakeholders.
4. Overall Performance and Potential - once a year checkpoint in which managers complete an overall performance evaluation for each white collar employee, and assess the potential of employees in predefined roles. Both are calibrated through the organization in a structured and consistent way. Performance Evaluations for blue collar employees are handled locally when there is such process in place.

The global process covers all permanent employees, both white collar and blue collar employees, for example who are not absent for an extended time period because of leave. Temporary employees may be included based on the length of the contract.

PERCENTAGE OF TOTAL EMPLOYEES BY GENDER AND BY EMPLOYEE CATEGORY WHO RECEIVED A REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW DURING THE REPORTING PERIOD

Performance Development Discussion (PDD)	Number			%		
	2023	2022	2021	2023	2022	2021
Total permanent employees not absent*	4,745	4,820	4,827			
Employees covered in Global PDD process	4,408	4,282	4,567	93%	89%	95%
Female	1,233	1,242	1,189	98%	98%	98%
Male	3,175	3,040	3,378	91%	86%	93%
White collars	2,770	2,822	2,771	98%	99%	98%
Blue collars	1,638	1,460	1,796	85%	74%	90%

* 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.

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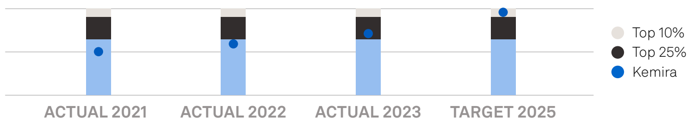
DIVERSITY, EQUAL OPPORTUNITY AND INCLUSION

At Kemira, embracing diversity and fostering an inclusive environment not only drives innovation and creativity but also enhances employee engagement, well-being and satisfaction, contributing to the overall success of the organization. This is an environment we are continuously developing, one where every individual feels valued, respected and empowered to contribute their unique perspectives and talents and where all have equal opportunities to learn and grow, and the resources to make it happen.

In 2023, we prioritized our diversity and inclusion in our Diversity, Equity & Inclusion program to move us closer to our target – reach the top 10% cross-industry norm for diversity & inclusion by 2025. Our Inclusion Index score of 78 has reached the top 25% of the cross industry benchmark. We are progressing towards closing the gap to reach the 10% cross-industry benchmark, for which is currently 2 points away from achieving as a result of our sustained improvement of approximately 2 points over the past year. Additionally, there are advancements in specific Index Items since October 2022, with both Belonging and Growth items showing an increase of +1 point each, and Inclusive Leaders showing a significant increase of +5 points.

Inclusion Index trend 2022–2023 vs Top 10% cross industry benchmark.

INCLUSION INDEX

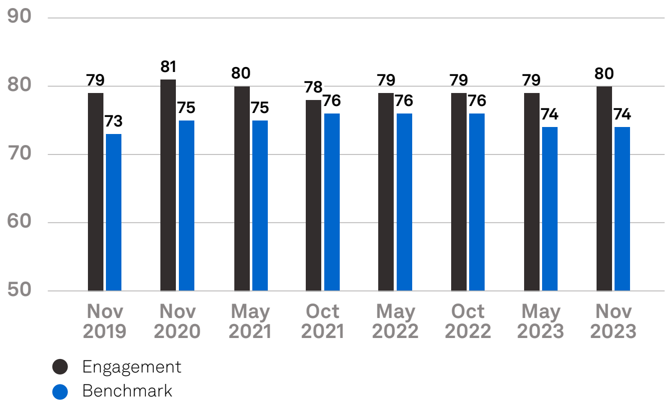


We further developed our concept of diversity and inclusion to support our sustainability goals and extended the program to include equity. We focused on promoting DEI, tailored training and building awareness. We co-created DEI awareness campaigns and learning solutions with employees and our employee resource groups; WomenatKemira network, KemPride and the Inclusive Leaders project team. Over 400 people managers globally attended DEI training in English and local HR facilitated DEI manufacturing workshops in half of our sites (31/60) in local languages, and will reach remaining sites in 2024. Employees reported in their feedback to have been inspired, and that they appreciated the opportunity to connect on these topics and have a renewed commitment to building a more inclusive workplace for all stakeholders. In addition Kemira was recognized by Workplace Pride with an Impact Allyship Award 2023 for executive sponsorship of our LGBTQIA+ network.

Continuous employee listening and feedback

We adopted agile methods of continuous listening and feedback, working with a leading provider administering anonymous online pulse surveys and external benchmarks since 2019. It has been very well received by all our stakeholders and results are made available to employees and managers directly immediately after the processes closes. Participation rates typically ranges from 70–80%. In principle, we use short engagement pulse surveys twice a year to follow our Engagement Index. Based on the survey results we take actions following the ACT principles - Acknowledge where we are, Collaborate to understand the results and Take meaningful action.

MYVOICE TRENDS 2019–2023 COMPARED TO EXTERNAL MANUFACTURING BENCHMARK



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Diversity of governance bodies and employees

As stated in our Code of Conduct, we respect the diversity, talent and abilities of others. We at Kemira define 'diversity' as all the unique characteristics that make up each of us: personality, lifestyle, work experience, ethnicity, religion, gender, sexual orientation, age, national origin, ability and other characteristics. We focus our efforts to attract, develop and retain a workforce that is diverse, and to ensure an inclusive work environment that embraces the strength of our differences. We do not discriminate or treat employees or job applicants unfairly in matters that involve recruitment, hiring, training, promoting, compensation or any other term or condition of employment.

PERCENTAGE OF INDIVIDUALS WITHIN THE ORGANIZATION'S GOVERNANCE BODIES IN EACH OF THE FOLLOWING DIVERSITY CATEGORIES: GENDER, AGE GROUP, OTHER INDICATORS OF DIVERSITY WHERE RELEVANT

	Total			%		
	2023	2022	2021	2023	2022	2021
Management Board						
Total	8	8	8			
Female	2	1	1	25%	13%	13%
Male	6	7	7	75%	88%	88%
By age group						
<30	0	0	0	—%	—%	—%
30 - 50	0	0	1	—%	—%	13%
>50	8	8	7	100%	100%	88%
Board of Directors						
Total	8	8	7			
Female	3	3	1	38%	38%	14%
Male	5	5	6	63%	63%	86%
By age group						
<30	0	0	0	—%	—%	—%
30-50	3	2	1	38%	25%	14%
>50	5	6	6	63%	75%	86%

Figures do not match up to 100% due to rounding up of figures. Reference to general reporting practices.

To further demonstrate our commitment to gender equality, we are adopting the Bloomberg Gender Equality Index KPIs from 2023 onwards. This explains some gaps in the historical data, and going forward we will include measures such as % share of promotions that are female. At Kemira, promotions are defined as career progressions to position one job grade higher or beyond.

DIVERSITY AND INCLUSION MEASURES FOR BLOOMBERG GENDER EQUALITY INDEX (GEI)

	2023	2022	2021
Share of women in all people leaders	26%		
Share of women in executives	31%	31%	31%
Share of women in middle management	25%		
Share of women in individual contributors	27%		
Share of women in Technology	49%		
Share of women total promotions	39%		

Reporting of new measures started from 2023.

PERCENTAGE OF EMPLOYEES PER EMPLOYEE CATEGORY IN EACH OF THE FOLLOWING DIVERSITY CATEGORIES: GENDER, AGE GROUP, OTHER INDICATORS OF DIVERSITY WHERE RELEVANT

	Total			%		
	2023	2022	2021	2023	2022	2021
Total employees	4,915	4,902	4,926	100%	100%	100%
<30	484	502	466	10%	10%	9%
30 - 50	2,847	2,842	2,924	58%	58%	59%
>50	1,584	1,558	1,536	32%	32%	31%
Female	1,327	1,305	1,291	27%	27%	26%
<30	150	150	144	11%	11%	11%
30 - 50	859	856	870	65%	66%	67%
>50	318	299	277	24%	23%	21%
Male	3,588	3,597	3,635	73%	73%	74%
<30	334	352	322	9%	10%	9%
30-50	1,988	1,986	2,054	55%	55%	57%
>50	1,266	1,259	1,259	35%	35%	35%

Equity and remuneration

Pay equity means that our employees are paid and rewarded with fairness and when unjustified pay gaps are found, we take action to address them. Kemira follows a total remuneration approach, which means that our employee remuneration is a mix of base pay and incentives as well as benefits and other non-monetary rewards.

All pay decisions at Kemira are based on position responsibilities and our 'Pay for Performance' philosophy. We have established fair and transparent pay practices and processes based on objective criteria:

- Common principles driven by defined job architecture.
- Locally aligned pay tables and globally consistent pay reviews.
- Timely training and education.
- Continuous pay and performance analysis.
- Regular review of market data, trends and regulation updates.

In 2022, Kemira established an objective gender pay equity analysis among white collar employee pay using a statistical model with Kemira specific criteria to identify potential gender related pay differences. Based on the analysis outcomes, actions were taken to close any identified gender related pay differences and concluded during the first half of 2023. In addition, a thorough pay analysis for blue collar employees was conducted in 2023 confirming that we do not have any unjustified pay gaps among the respective employee group.

During 2023, we broadened our pay equity analysis to identify other unjustified reasons for pay differences among white collar employees, such as age, tenure, ethnicity, or nationality of the employee among others. We continue building means and tools to measure pay equity within Kemira, identify potential unjustified pay gaps, and take action to close them without delay.

Ratio of basic salary and remuneration of women to men

The disclosed table describes the ratio of basic salary of our white collar employees when considering country of employment and location, the job grade of the position and working time of the employee. Other remuneration elements are not recorded globally and thus not reported.

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN FOR EACH EMPLOYEE CATEGORY, BY SIGNIFICANT LOCATIONS OF OPERATION

Country	Women to men pay ratio 2023	Women to men pay ratio 2022	Women to men pay ratio 2021	White collar headcount 2023
Austria	90%	89%	87%	50
Brazil	93%	94%	94%	139
Canada	94%	94%	89%	125
China	87%	86%	90%	289
Finland	93%	91%	91%	571
Germany	96%	94%	96%	80
Italy	96%	95%	92%	64
Korea, Republic of	96%	93%	N/A	50
Netherlands	96%	100%	88%	87
Poland	94%	94%	98%	317
Spain	93%	94%	93%	55
Sweden	98%	98%	100%	145
United Kingdom	96%	96%	95%	91
United States	95%	93%	93%	549
Total for largest countries	94%	93%	93%	2,612

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

Kemira respects freedom of association and collective bargaining as stated in our Code of Conduct, and through our commitment to the United Nations Global Compact. We expect our suppliers to respect these same principles and commit to the Code of Conduct for Business Partners. All of our Suppliers (engaged with an SAP Purchase Order) receive a written reference to CoC-BP as part of the Kemira general terms of purchase on the back of the Purchase Order.

To increase Kemira employees' awareness of their rights regarding freedom of association and collective bargaining, we provide regular training on our Code of Conduct.

In 2023, Kemira did not identify any violations of freedom of association or collective bargaining in our own operations, and no evidence has been found to indicate that suppliers would be restricting their employees' opportunities to exercise freedom of association and collective bargaining based on sustainability assessments of our key suppliers, representing approximately 30% of our total spend.

For additional information, see the Integrity section for details of our Code of Conduct training and Ethics and Compliance hotline. Details of the numbers of employees covered by collective bargaining agreements are given in the Employment section.

Workers in the Value Chain

HUMAN RIGHTS

Our Code of Conduct and Code of Conduct for Business Partners set the standard for our human rights approach. In our Code, we state that we are committed to the principles of The Universal Declaration of Human Rights and the core conventions of the International Labor Organization (ILO) and the United Nations' Global Compact, and we expect our suppliers and business partners to share these principles. Further, we work according to the United Nations Guiding Principles, which require companies to conduct due diligence to protect and respect human rights. We have a public statement for slavery and human trafficking, where our approach to human rights issues is outlined more in detail.

We expect ourselves and our business partners to respect fundamental human rights, treat people with dignity, decency and respect, avoid any kind of harassment, discrimination, intimidation, oppression and exploitation, never use any form of forced or child labor, protect employee health and safety, respect freedom of association and collective bargaining, respect the privacy of personal information and pay compensation to employees that complies with applicable wage laws.

A group-level Human Rights Impact Assessment was updated in 2021 to identify human rights impacts throughout Kemira operations and value chain. The assessment methodology was based on the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance. The results of the assessment have been further analyzed during 2023 and implementation of findings will continue going towards 2024. In 2023, Kemira performed a minimum safeguards self-assessment in relation to the EU Taxonomy reporting. The conclusion from this assessment is that Kemira meets at a group level the EU Taxonomy minimum safeguards for the most recognized human rights guidelines and guiding principles. We continue the development of the minimum safeguards management in line with our integrated management system implementation. Kemira also participated in the United Nations Global Compact Business & Human Rights Accelerator, during which an analysis of the most critical human rights risks was performed and for the highest risk, a mitigation plan was created.

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To create room for discussion and improve human rights related processes, Kemira has had a Human Rights Council since 2022. The council consists of representatives from relevant functions in the company, covering Environment, Health, Safety and Quality (EHSQ), Global Sourcing, Human Resources, Ethics and Compliance and Corporate Sustainability.

In previous years, our human rights focus has been on increasing overall awareness of human rights related themes throughout the organization and improving the processes and due diligence based on findings in our latest assessments. The primary means of increasing awareness relate to regular and compulsory training on the Code of Conduct for all employees, and since 2015, basic training on human rights for white collar employees responsible for business relationships. Since 2015 all new hires have participated in this training as part of their induction program. Human rights are evaluated in the scope of supplier ethical audits conducted by external audits (following the SMETA protocol).

KEY ACTIVITIES IN 2023

- Continued the global 90-day onboarding program for new hires (white collars) that automatically assigns online courses on Code of Conduct and Human Rights and Business. By the end of 2023, 85% of white collar new hires have completed the basic training on Human rights and Business as part of their onboarding program.
- All relevant sales team members are trained on third-party due diligence for potential new business partners and a new process is introduced to further develop our third-party risk management.
- In relation to workplace safety, we further developed our safety culture through the Behavior Based Safety Culture program, target-setting, training and communications measure. More information can be found in the Occupational Health and Safety section.
- For product safety, we focus on product lifecycle management. For more information, see the section Product Stewardship.
- More information of supplier assessments and audits. For more can be found in the Supplier Management section.
- Diversity, Equity and Inclusion program program roll-out was active in 2023, there have been two networks established since 2022, the KemPride and the Kemira Women's Network. More information about this topic can be found in the **Kemira Annual Review 2023**.
- Evaluation of identified high risks during the UNGC Business & Human Rights Accelerator has been done and development items are in place for upcoming years.

CUSTOMER HEALTH AND SAFETY

Assessment of the health and safety impact of product and service categories

According to Kemira's product stewardship policy, we are acting:

- to comply with all applicable chemical regulatory requirements in the countries where we either manufacture and/or sell chemicals covering raw materials, intermediates, processing aids and products
- to make hazard assessments covering regulatory compliance, human health, and safety, as well as environmental protection aspects, as part of the Product Lifecycle Management processes throughout products' lifecycle from development to termination
- to maintain data related to chemical products and substances including raw materials that is managed in ERP and is linked to the Product Lifecycle Management tool/process
- to proactively identify and manage chemical risks and concerns to build management action plans for identified unacceptable risks to human health, safety or environment; covering all substances from raw materials to products
- to share information with our stakeholders about the health and safety aspects of products and to ensure that our customers can safely use our products.

Kemira complies with all laws and regulations relating to chemicals and trade. Kemira does not sell any banned products. We continuously screen substances that are covered by any regulatory restrictions, or subject to substitution requirements imposed by non-regulatory stakeholders. We proactively work to mitigate health, safety, environmental and image-related risks.

Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

At the end of 2023, 100 % (20 out of 20) of the identified 20 SVHC (Substances of Very High Concern) substances had a management plan approved by the Product lifecycle management team.

Incidents of non-compliance concerning the health and safety impact of products and services

We are not aware of any fine, penalty or warning for non-compliance with regulations and voluntary codes regarding our products or services in 2023.

Consumers and End-Users

MARKETING AND LABELING

Requirements for product and service information and labeling

Kemira's product portfolio consists of seven major product lines and approximately 1,218 different products. All of these products are duly documented and labeled according to legal requirements, including the identification of their hazardous components and information on their safe use. Kemira provides Safety Data Sheets (SDS) for all products, independent of the product safety classification, even if in most jurisdictions Safety Data Sheets are mandatory only for hazardous products. Our IT system for Product Lifecycle Management enables us to prepare SDSs and labels in alignment with the latest regulatory data requirements and in the official languages of the countries where our products are manufactured, stored or sold. In EU member states, the information requirements are stated under REACH regulations with regard to substance properties, exposure, use and risk management measures, and the chemical safety assessment. Registered uses will also be communicated via the updated extended SDSs for downstream users. In addition to the information provided on product labels and Safety Data Sheets, more detailed information about products and their raw material ingredients can be provided on request.

In 2023, the Kemira Product Stewardship & Regulatory Affairs team responded to 5,550 (4,634 in 2022) requests concerning product safety and/or regulatory questions. The response time for those requests is one of our internal key performance indicators (KPIs).

Incidents of non-compliance concerning product and service information and labeling

Our customer complaints management process handles complaints by recording the complaint, investigation, root cause and corrective action determination, implementation and communication with the customers. During the process complaints are classified with a complaint reason from a predefined list. The process and system in use can exclude those complaints where Kemira has met the agreed requirements with the customers. All complaints are actively monitored, evaluated and corrected as required by the quality management system in use at Kemira.

Non-compliance related to product and service information usually refers to insufficient information on the label.

During 2023, a total of 45 customer complaints were recorded relating to labeling or product information, of which 29 cases were in the EMEA region, 16 in the Americas, and 0 in the APAC region. All cases have been investigated and needed corrective actions have been implemented.

During 2023, no incidents of non-compliance with regulations resulting in any fine, penalty or warning were reported within Kemira's operations.

SOCIOECONOMIC COMPLIANCE

Non-compliance with laws and regulations in the social and economic area

We are not aware of any significant fine or non-monetary sanction for non-compliance with laws or regulations in the social and economic area in 2023.

PRODUCT AND SERVICE INFORMATION PROVIDED

TOPIC	PRODUCT AND SERVICE INFORMATION PROVIDED BY KEMIRA
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 SDS and on the labels. Additional information about chemicals in our products for voluntary certification/compliance schemes such as eco-labeling 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 SDSs and on the labels. Registered uses will be communicated via the extended SDSs. 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 impact are communicated in the SDSs and on the labels.

Responsible Business Practices

Direct Economic Value Generated and Distributed

Kemira generates economic value from products, expertise and sustainable solutions, enabling our customers to improve their resource-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, the public sector through taxes, and society through local community projects, sponsorship and donations. Taxes have a significant impact on our business, financing and growth opportunities.

Kemira's approach to tax is to support responsible business performance in a sustainable way. A separate tax footprint report is available at **www.kemira.com** > Company > Investors.

The economic value retained is reinvested in the company for capital investments, R&D and technology development. The economic value retained increased to 442 million EUR in 2023 (304 million EUR in 2022).

ECONOMIC VALUE, CASH FLOW BASED

STAKEHOLDER	ECONOMIC VALUE, EUR million	2023	2022	2021
Direct economic value generated: Revenues				
Customers	Income from customers on the basis of products and services sold, and financial income	3,435	3,478	2,589
Direct economic value distributed				
Suppliers	Payments to suppliers of raw materials, goods and services	2,324	2,626	1,922
Employees	Employee wages and benefits	433	384	371
Investors & Lenders	Dividends, interests paid and financial expenses	145	131	127
Government & Public sector	Corporate income taxes	91	33	44
Economic value retained		442	304	125

Anti-Competitive Behavior

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES

Kemira had no pending or completed legal actions initiated under national or international laws designed for regulating anti-competitive behavior, anti-trust, or monopoly practices in 2023.

Anti-Corruption

OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

In 2020, Kemira conducted a global ethics and compliance risk assessment, covering key business operations and functions in all regions. Anti-corruption was one of the key focus areas in the assessment. During 2021 and 2022, the assessment results have been utilized in Kemira's ethics and compliance and internal audits. No significant risks related to corruption have been identified through ethics and compliance activities or internal audits in 2023.

COMMUNICATION AND TRAINING ABOUT 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's intranet, and the Code of Conduct is also publicly available at **www.kemira.com**.

Kemira's Code of Conduct has been approved by the Board of Directors, and as part of our mandatory and regular Code of Conduct training, our anti-corruption principles are communicated to all of our employee groups and regions on a regular basis. All members of Kemira's Board of Directors are aware our anti-corruption principles.

Kemira provides mandatory anti-corruption training to its white-collar employees who need to have a comprehensive understanding of Kemira's anti-corruption principles. The table below demonstrates the scope of the training, with a breakdown by employee category and regions.

ANTI-CORRUPTION TRAINING PERFORMANCE

		Number of permanent employees, not absent	Number of permanent employees, received training on anti-corruption	% of employees received training on anti-corruption
Americas	White collars	849	755	89%
	Blue collars	629	0	
APAC	White collars	480	461	96%
	Blue collars	451	0	
EMEA	White collars	1,563	1,366	87%
	Blue collars	883	0	
Total		4,855	2,582	53%

We expect our suppliers and other business partners to conduct their business with integrity and commit to Kemira's Code of Conduct for Business Partners in their business activities with Kemira. According to the CoC-BP, Kemira expects our Business Partners to ensure that they, and third-parties acting on their behalf, do not offer, give or accept improper or corrupt payments, and that they will not engage in any form of bribery. We aim to communicate the CoC-BP to all of our suppliers, agents and distributors. All of our suppliers (engaged with an SAP Purchase Order) receive a written reference to Kemira's CoC-BP as part of the Kemira general terms of purchase on the back of the Purchase Order.

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TOTAL NUMBER AND PERCENTAGE OF SUPPLIERS THAT OUR ANTI-CORRUPTION POLICY HAS BEEN COMMUNICATED TO

Region	Total number of suppliers*	Total number of suppliers* that our anti-corruption principles have been communicated to	% of suppliers* that our anti-corruption principles have been communicated to
Americas	4,100	4,100	100%
APAC	1,900	1,900	100%
EMEA	7,400	7,400	100%
Total	13,400	13,400	100%

*The numbers include suppliers engaged with an SAP Purchase Order. In addition to SAP transactions, some small purchases are processed via the travel claim process.

CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

There were no confirmed incidents of corruption in 2023.

Community Involvement

Kemira is committed to respond ethically and with integrity to the needs of our surrounding communities and society. We want to create positive social impacts in communities close to our operations and we also encourage our employees to engage with local community initiatives and activities on a voluntary basis.

The main themes for our community involvement activities and sponsorships are related to water, sustainable chemistry and their applications. We are supportive of initiatives to innovate sustainable solutions that create a better every day for us all. Initiatives where we can provide expertise and create more value for society, our customers and other stakeholders and support initiatives for building good relationship with communities in which we operate. Kemira also supports research, education and studies in natural sciences in order to promote innovation and growth.

Our Sponsorship and Donation Policy provides guidance on the permissibility, appropriateness 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.

All our community involvement activities are locally selected, planned and executed. Examples of local activities include open house days for local residents, cooperation with local schools and universities, and local charity work. In 2023, Kemira organized approximately 30 local community activities.

Public Policy and Membership in Associations

POLITICAL CONTRIBUTIONS

The Kemira Code of Conduct, Kemira Group Sponsorship and Donation policy and the Kemira Group Gifts, Entertainment and Anti-bribery Policy, prohibit any financial support to politicians, political parties or political organizations. No financial or any in-kind political contributions paid by Kemira have come to Kemira's attention during 2023.

MEMBERSHIP IN ASSOCIATIONS

Kemira is a member of Cefic, the European Chemical Industry Council, and Kemianteollisuus ry, which is a national chemical industry association in Finland.

The Organization and its Reporting Practices

Organizational Details and Activities

In the **Financial Statements** section of the Annual Report, a list of group subsidiaries and investments in associates can be found. In the referred section, Kemira's legal entities are listed and thus our countries of operation.

Below is a short description of downstream entities and relevant business relations. Kemira has divided its business into two segments Pulp & Paper and Industry & Water. There has not been any significant changes in Kemira's sector, value chain or business relationships during 2023. More information on Kemira's main business segments can be found in the Annual Report and on the kemira.com homepage.

PULP & PAPER

The Pulp & Paper segment combines best-in-class application expertise, the latest technologies for advanced process management and a complete chemistry portfolio to serve our customers in the forest industry across different grades from pulp to board, tissue and specialty papers as well as graphical and printing papers. We help customers improve their sustainability, product quality, process and resource efficiency. Our focus is on growth areas in fiber-based applications and renewable materials, such as packaging board and dispersion barrier coatings.

INDUSTRY & WATER

The Industry & Water business segment enables water intensive industries and municipal water and wastewater treatment operators to improve their process and resource efficiency. Our chemistry is used for optimizing all stages of the water cycle – enabling clean water and sanitation as stated in UN SDG 6. In oil and gas applications, we enable reduced water and energy use for more efficient well management and improved oil sands tailings treatment. Our focus on water intensive industries continues and we are constantly evaluating new opportunities for growth within this sector.

Entities Included in the Sustainability Reporting

SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN

At the end of the year 2023, Kemira had 60 (62 in 2022) manufacturing sites of which 60 were included in the environmental reporting scope, and 60 in the auditing scope of our integrated management system. There were no significant changes in the company structure, size or ownership. Kemira offices and other non-manufacturing sites are not included in the environmental reporting, as they do not represent a material share of our environmental related processes.

DEFINING REPORT CONTENT AND TOPIC BOUNDARIES

When defining the relative importance of material topics for reporting purpose we have taken into account our environmental, social and governance impacts, risks and opportunities, stakeholder expectations, our purpose and strategy, and our commitments to the Code of Conduct, United Nations Global Compact, SDGs and Responsible Care® program. According to the GRI 1 Foundation standard, the principles for defining the report content were applied when assessing material topics and boundaries. The data boundaries are defined as described in the following table.

TOPICS	TOPIC BOUNDARIES	KEMIRA DATA COLLECTION PRACTICES
Other topics		
Product development	Kemira Operations[1]	Product sales data is extracted from Kemira's ERP system. Product applications are manually linked to product categories.
Product stewardship	Kemira operations	Data is extracted from Kemira's ERP system and from PSRA documentation, and from Kemira processes.
Products and solutions	Kemira operations[1]	Data is extracted from Kemira's ERP system.
Governance		
Economic performance	Kemira operations[1]	Data is extracted from Kemira's ERP system.
Anti-corruption	Kemira operations[1]	Data is collected from each region, from Kemira's legal archive, and through notifications from Kemira's Compliance and Ethics Hotline.
Anti-competitive behavior	Kemira operations[1]	Data is collected from each region, from Kemira's legal archive, and through notifications to Kemira's Compliance and Ethics Hotline.
Environment		
Materials	Kemira operations as covered by our ERP[2]	Data is extracted from Kemira's ERP system.
Energy	Kemira manufacturing sites[3]	Data is collected from each production site and consolidated at the Group level.
Greenhouse gas emissions Scope 1 and 2	Kemira manufacturing sites[3]	Data is collected from each production site and consolidated at the Group level.
Scope 3	Kemira suppliers and other sources	Scope 3 emissions data is collected from Kemira's ERP system and the relevant organizational units.
Other emissions to air	Kemira manufacturing sites[3]	Data is collected from each production site and consolidated at the Group level.
Water and effluents	Kemira manufacturing sites[3]	Data is collected from each production site and consolidated at the Group level.
Waste	Kemira manufacturing sites[3]	Data is collected from each production site and consolidated at the Group level.
Biodiversity	Kemira manufacturing sites[3]	Data is collected from each production site and consolidated at the Group level.
Environmental compliance	Kemira manufacturing sites[3]	Data is collected from each production site and consolidated at the Group level.
Supplier environmental assessment	Kemira suppliers	Data is extracted from Contract Management Tool used to track suppliers' signing of Code of Conduct for BP. Assessment data is stored on both external and internal service platform.

TOPICS	TOPIC BOUNDARIES	KEMIRA DATA COLLECTION PRACTICES
Social		
Employment	Kemira operations[1]	Data is extracted from HR data management system.
Labor-Management relations	Kemira operations[1]	Data is collected from each region and combined with the HR data management system.
Workplace safety and occupational health and safety	Kemira operations[1]	Data is extracted from synergy data management system. Data covers also contractors working at Kemira sites.
Training and education	Kemira operations[1]	Data is extracted from HR data management system.
Diversity and equal opportunity	Kemira operations[1]	Data is extracted from HR data management system.
Non-discrimination	Kemira operations[1]	Data is collected from each region, from Kemira's legal archive, and through notifications from Kemira's Compliance and Ethics Hotline.
Freedom of association and collective bargaining	Kemira operations[1]	Data is collected from each region, from Kemira's legal archive, and through notifications to Kemira's Compliance and Ethics Hotline.
Human rights	Kemira operations[1]	Data is collected with a Human Rights Impact Assessment and from company processes and procedures.
Public policy	Kemira operations[1]	Data is collected from each region, from Kemira's legal archive, and through notifications to Kemira's Compliance and Ethics Hotline.
Customer health and safety	Kemira operations as covered by our ERP[2]	Data is extracted from Kemira's ERP system and from R&D New Product Development process documentation, from PSRA documentation, and from Kemira's legal archives.
Marketing and labelling	Kemira operations as covered by our ERP[2]	Data is extracted from Kemira's ERP system and from PSRA documentation, and from Kemira's legal archives.
Socioeconomic compliance	Kemira operations[1]	Data is collected from each region, from Kemira's legal archive, and through notifications to Kemira's Compliance and Ethics Hotline.
Supplier social assessment	Kemira suppliers	Data is extracted from Contract Management Tool used to track suppliers' signing of Code of Conduct for BP. Assessment data is stored on both the external and internal service platform.
Community involvement	Kemira operations[1]	Data is collected from each region.

1) Kemira's operations = All operations covered by Kemira's consolidation rules.
2) Kemira's operations covered by ERP = All operations covered by both Kemira's consolidation rules and the company's Enterprise Resource Planning (ERP).
3) Kemira's manufacturing sites = All manufacturing sites covered by Kemira's consolidation rules.
4) PSRA Product Stewardship and Regulatory Affairs.

Reporting Period, Frequency and Contact Point

REPORTING PERIOD

The reporting period is from January 1 to December 31, 2023.

DATE OF MOST RECENT REPORT

Kemira's most recent Annual Report including non-financial information (GRI disclosures) was published on February 16, 2023.

REPORTING CYCLE

Kemira's Annual Report is published yearly, by calendar year. The Annual Report consists of the **Annual Review**, Sustainability Report, **Corporate Governance Statement** (including Remuneration Report) and **Financial Statements**.

CONTACT POINT FOR QUESTIONS REGARDING THE REPORT

The contact point for questions is Kemira Communications and Corporate Sustainability. Contact details are available at **www.kemira.com**.

CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS

- The report is prepared in accordance with the latest GRI standards. The latest versions of the topical standards have been used where applicable.
- Communication on Progress (COP) of the United Nations Global Compact at Global Compact Active level by using the GRI-standards reporting principles.

GENERAL REPORTING PRACTICES

- Individual figures presented in the Sustainability Report have been rounded to the nearest exact figure. Therefore, the sum of the individual figures may deviate from the sum figure presented in the Sustainability Report. The key figures are calculated using exact values.

RESTATEMENTS OF INFORMATION

- In 2023, Kemira re-evaluated the definition of product for reporting purposes. Kemira was previously reporting the amount of treated wastewater from its stand-alone wastewater treatment facility in China as "product." This approach is not aligned with the other manufacturing sites that include internal wastewater treatment plants at the sites. Therefore, production volumes are now limited to chemicals manufactured at the site and exclude volumes associated with services such as wastewater treatment. Production volumes for previous years have been updated accordingly.
- Historical data for disposed production waste intensity target has been updated for 2021 and 2022. The change in definition of product for reporting purpose (see above) has an impact on the target, as the intensity target is based on production volumes. The stand-alone wastewater treatment facility started its operation as a stand-alone unit in 2021. Historical data for disposed production waste intensity target has been updated only for 2021 and 2022. No impact on baseline year figure of 4.6.
- Waste data has been updated:
  - Systematic error was identified in reporting of waste under correct categories. Some filter cake waste had been reported systematically wrong as other chemical waste historically. This has no impact in total waste volumes or disposal and recovery method total volumes.
- The formula to calculate freshwater use has been changed.
  - Former formula: freshwater use as m^3 of total freshwater withdrawal minus withdrawal of cooling water and produced water.
  - New formula: freshwater use as the m^3 of total freshwater withdrawal minus cooling water withdrawal associated with once-through cooling water systems and produced water.
  - The former formula excluded both make-up water to cooling towers and cooling water associated with once-through cooling water systems. In the new formula only water withdrawal of cooling water associated with once-through (single pass) cooling systems is excluded, as this water is not consumed (evaporated), but only circulated through heat exchangers at the site and returned to source water basin in the same quantity.
  - Kemira's goal is to continuously decrease freshwater use intensity. The freshwater use intensity is calculated as the freshwater use per metric ton of production. The 2019 baseline of the goal has changed from 1.5 to 1.8 due to the change in the calculation formula of freshwater use.

- GHG emissions data has been updated.
  - For Scope 2 location-based emissions: The IEA database used to estimate emissions was updated with new factors effective as of 2021. Therefore, the values for 2021 and 2022 have been updated to reflect the new version of the emission factors.
  - Scope 3.1 emissions have been updated to reflect the findings of our Supplier Engagement program that was launched in 2023. Prior to the engagement program, Kemira relied on published global emission factor databases. As part of the engagement program in 2023, Kemira: 1) reviewed and updated the published emission factors used for its purchased raw materials to account for regional differences and other details, such as concentration percentages, and 2) replaced published database factors with internally validated product carbon footprint data obtained from suppliers.
  - Scope 3.4 and 3.9 emissions for 2022 have been updated to reflect a change in the calculation methodology regarding sea transport. The original 2022 emissions were calculated using estimated sea transport distances. The 2022 emissions were updated using actual sea transport distances.
  - GHG emissions intensity values for 2021 and 2022 have been recalculated due to the updated production volumes as noted above.
- Energy intensity values for 2021 and 2022 have been recalculated due to the updated production volumes as noted above.
- Carbon monoxide emissions in 2021 were updated due to a rounding error.
- In the Remuneration report 2021, the short-term incentives based on the performance period amount paid in March 2022 was 53,374 EUR.
- In 2022, 1 CSR audit of a direct material supplier was conducted, despite reporting 0 completed CSR audits in 2022 reporting period.
- In the materials reporting, the recycled raw materials figures for 2022 were revised slightly downwards, due to incorrect assumptions used for certain raw materials in the South America region.

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External Assurance Report

EXTERNAL ASSURANCE

The corporate sustainability information presented in the Annual Report are externally assured by an independent third-party. Information on the organization's policy and current practice with regard to external assurance can be found in the Assurance statement

Independent accountant's assurance report

To the Management of Kemira Oyj.

SCOPE

We have been engaged by Kemira Oyj (hereafter Kemira) to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, on Kemira's Sustainability Report 2023, and the EU taxonomy KPIs in Financial Statements 2023's pages 141–145, (the "Subject Matter") for the period 1.1.– 31.12.2023.

CRITERIA APPLIED BY KEMIRA

In preparing the Subject Matter, Kemira applied the Global Reporting Initiative Sustainability Reporting Standards and the EU Taxonomy Regulation (EU 2020/852) and respective Delegated Acts (the "Criteria"). As a result, the subject matter information may not be suitable for another purpose.

KEMIRA'S RESPONSIBILITIES

Kemira's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with Kemira on 19.9.2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter, and related information, and applying analytical and other appropriate procedures.

Our procedures included:

a. An update of our knowledge and understanding of Kemira's material sustainability reporting topics, organization and activities,
b. An assessment of suitability and application of the reporting principles regarding the stakeholders' needs for information,
c. Interviews with senior management to understand Kemira's sustainability leadership,
d. Interviews with personnel responsible for gathering and consolidation of the sustainability information to understand the systems, processes and controls related to gathering and consolidating the information,
e. Assessing sustainability data from internal and external sources and checking the data to reporting information on a sample basis to check the accuracy of the data,
f. Site visit to Bradford, UK, and virtual site visit to Augusta, USA, site where we assessed reporting practices.

We also performed such other procedures as we considered necessary in the circumstances.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made the Sustainability Report 2023, and the EU taxonomy KPIs in Financial Statements 2023's pages 141–145, for the period 1.1–31.12.2023, in order for it to be in accordance with the Criteria.

Helsinki, 14.02.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

Nathalie Clément
Leader of Climate Change and Sustainability Services, EY Finland

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GRI Content Index

GRI 102-55

Abbreviations: AR= Annual Review GRI=Annual Review Annex CG = Corporate Governance FS = Financial Statements

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)	DOCUMENT	UNITED NATIONS GLOBAL COMPACT
GRI 2: General Disclosures 2021	**The organization and its reporting practices**			
	2-1 Organizational details	101	Sustainability Report	
	2-2 Entities included in the organization's sustainability reporting	101–102	Sustainability Report	
	2-3 Reporting period, frequency and contact point	103	Sustainability Report	
	2-4 Restatements of information	103–104	Sustainability Report	
	2-5 External assurance	105–106	Sustainability Report	
	Activities and workers			
	2-6 Activities, value chain and other business relationships	101 6, 10, 13–21	Sustainability report, Annual Review	
	2-7 Employees	83–85	Sustainability Report	Principle 6
	2-8 Workers who are not employees	85	Sustainability Report	Principle 6
	Governance			All principles
	2-9 Governance structure and composition	45–46	Sustainability Report	
	2-10 Nomination and selection of the highest governance body	114–116	Corporate Governance Statement	
	2-11 Chair of the highest governance body	115–116, 123–124	Corporate Governance Statement	
	2-12 Role of the highest governance body in overseeing the management of impacts	116–117	Corporate Governance Statement	
	2-13 Delegation of responsibility for managing impacts	117–121	Corporate Governance Statement	
	2-14 Role of the highest governance body in sustainability reporting	45–46	Sustainability Report	
	2-15 Conflicts of interest	121–122	Corporate Governance Statement	
	2-16 Communication of critical concerns	114–122	Corporate Governance Statement	
	2-17 Collective knowledge of the highest governance body	114–122	Corporate Governance Statement	
	2-18 Evaluation of the performance of the highest governance body	114–122	Corporate Governance Statement	
	2-19 Remuneration policies	126–132	Remuneration Report	
	2-20 Process to determine remuneration	126–132	Remuneration Report	
	2-21 Annual total compensation ratio	85	Sustainability Report	

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GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)	DOCUMENT	UNITED NATIONS GLOBAL COMPACT
	Strategy, policies and practices			All principles
	2-22 Statement on sustainable development strategy	42–43	Sustainability Report	
	2-23 Policy commitments	46–48	Sustainability Report	
	2-24 Embedding policy commitments	46–48	Sustainability Report	
	2-25 Processes to remediate negative impacts	50–51	Sustainability Report	
	2-26 Mechanisms for seeking advice and raising concerns	57–58	Sustainability Report	
	2-27 Compliance with laws and regulations	75, 97	Sustainability Report	
	2-28 Membership associations	100	Sustainability Report	
	Stakeholder engagement			
	2-29 Approach to stakeholder engagement	36–38	Sustainability Report	
	2-30 Collective bargaining agreements	84	Sustainability Report	Principle 3
GRI 3: Material Topics 2021	**Disclosures on materials topics**			
	3-1 Process to determine material topics	39–41	Sustainability Report	All principles
	3-2 List of material topics	39–41	Sustainability Report	
	3-3 Management of material topics	34–104	Sustainability Report	
	Material Topics			
	Product development			
	GRI 3-3 Management of material topics	52	Sustainability Report	
Own material topic	Product development	52	Sustainability Report	Principle 9
	Product stewardship			
	GRI 3-3 Management of material topics	53–54	Sustainability Report	
Own material topic	Product stewardship	53–54	Sustainability Report	Principle 9
	Products and solutions			
	GRI 3-3 Management of material topics	76–77	Sustainability Report	
Own material topic	Products and solutions	76–77	Sustainability Report	Principle 9
	GRI 200 Economic Standard Series			
	ECONOMIC PERFORMANCE			
	GRI 3-3 Management of material topics	98	Sustainability Report Financial statements	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	98	Sustainability Report	
	201-2 Financial implications and other risks and opportunities due to climate change	59–60	Financial statements / Sustainability Report	
	201-3 Defined benefit plan obligations and other retirement plans	172, 197	Financial statements	
	201-4 Financial assistance received from government	172	Financial statements	

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GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)	DOCUMENT	UNITED NATIONS GLOBAL COMPACT
ANTI-CORRUPTION				
	GRI 3-3 Management of material topics	99–100	Sustainability Report	Principle 10
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	99–100	Sustainability Report	Principle 10
	205-2 Communication and training about anti-corruption policies and procedures	99–100	Sustainability Report	Principle 10
	205-3 Confirmed incidents of corruption and actions taken	99–100	Sustainability Report	Principle 10
ANTI-COMPETITIVE BEHAVIOR				
	GRI 3-3 Management of material topics	99	Sustainability Report	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	99	Sustainability Report	
TAX				
	GRI 3-3 Management of material topics	2–8	Tax Footprint Report	
GRI 207: Tax 2019	207-1 Approach to tax	2–8	Tax Footprint Report	
	207-2 Tax governance, control, and risk management	2–8	Tax Footprint Report	
	207-3 Stakeholder engagement and management of concerns related to tax	2–8	Tax Footprint Report	
GRI 300 Environmental Standards Series				
MATERIALS				
	GRI 3-3 Management of material topics	76	Sustainability Report	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	76	Sustainability Report	Principles 7, 8
	301-2 Recycled input materials used	76	Sustainability Report	Principles 7, 8, 9
ENERGY				
	GRI 3-3 Management of material topics	65–67	Sustainability Report	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	65–67	Sustainability Report	Principles 7, 8
	302-2 Energy consumption outside of the organization	65–67	Sustainability Report	
	302-3 Energy intensity	65–67	Sustainability Report	Principle 8
	302-4 Reduction of energy consumption	65–67	Sustainability Report	Principles 8, 9
WATER				
	GRI 3-3 Management of material topics	69–73	Sustainability Report	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	69–73	Sustainability Report	Principles 7, 8
	303-2 Management of water discharge-related impacts	69–73	Sustainability Report	
	303-3 Water withdrawal	69–73	Sustainability Report	Principles 7, 8
	303-4 Water discharge	69–73	Sustainability Report	Principles 7, 8
	303-5 Water consumption	69–73	Sustainability Report	Principle 9

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GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)	DOCUMENT	UNITED NATIONS GLOBAL COMPACT
BIODIVERSITY				
	GRI 3-3 Management of material topics	74	Sustainability Report	
GRI 304 Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	74	Sustainability Report	Principles 7, 8
	304-2 Significant impacts of activities, products, and services on biodiversity	74	Sustainability Report	Principles 7, 8
	304-3 Habitats protected or restored	74	Sustainability Report	Principles 7, 8
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	74	Sustainability Report	Principles 7, 8
EMISSIONS				
	GRI 3-3 Management of material topics	62–65	Sustainability Report	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	62–65	Sustainability Report	Principles 7, 8
	305-2 Energy indirect (Scope 2) GHG emissions	62–65	Sustainability Report	Principles 7, 8
	305-3 Other indirect (Scope 3) GHG emissions	62–65	Sustainability Report	Principles 7, 8
	305-4 GHG emissions intensity	62–65	Sustainability Report	Principle 8
	305-5 Reduction of GHG emissions	62–65	Sustainability Report	Principles 8, 9
	305-6 Emissions of ozone-depleting substances (ODS)	68	Sustainability Report	Principles 7, 8
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	68	Sustainability Report	Principles 7, 8
WASTE				
	GRI 3-3 Management of material topics	76–82	Sustainability Report	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	77–82	Sustainability Report	Principles 7, 8
	306-2 Management of significant waste-related impacts	77–82	Sustainability Report	Principles 7, 8
	306-3 Waste generated	77–82	Sustainability Report	Principles 7, 8
	306-4 Waste diverted from disposal	77–82	Sustainability Report	Principles 7, 8
	306-5 Waste directed to disposal	77–82	Sustainability Report	Principles 7, 8
SUPPLIER ENVIRONMENTAL ASSESSMENT				
	GRI 3-3 Management of material topics	55–56	Sustainability Report	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	55–56	Sustainability Report	Principles 7, 8
	308-2 Negative environmental impacts in the supply chain and actions taken	55–56	Sustainability Report	Principles 7, 8

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GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)	DOCUMENT	UNITED NATIONS GLOBAL COMPACT
GRI 400 Social Standards Series				
EMPLOYMENT				
	GRI 3-3 Management of material topics	83–85	Sustainability Report	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	83–85	Sustainability Report	Principle 6
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	83–85	Sustainability Report	Principle 6
LABOR-MANAGEMENT RELATIONS				
	GRI 3-3 Management of material topics	83–85	Sustainability Report	
GRI 402: Labor-Management relations 2016	402-1 Minimum notice periods regarding operational changes	83–85	Sustainability Report	Principle 3
OCCUPATIONAL HEALTH AND SAFETY				
	GRI 3-3 Management of material topics	86–89	Sustainability Report	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	86–89	Sustainability Report	Principle 6
	403-2 Hazard identification, risk assessment, and incident investigation	86–89	Sustainability Report	Principle 6
	403-4 Worker participation, consultation, and communication on occupational health and safety	86–89	Sustainability Report	Principle 6
	403-5 Worker training on occupational health and safety	86–89	Sustainability Report	Principle 6
	403-9 Work-related injuries	86–89	Sustainability Report	Principle 6
TRAINING AND EDUCATION				
	GRI 3-3 Management of material topics	90–91	Sustainability Report	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	90–91	Sustainability Report	Principle 6
	404-2 Programs for upgrading employee skills and transition assistance programs	90–91	Sustainability Report	Principle 6
	404-3 Percentage of employees receiving regular performance and career development reviews	90–91	Sustainability Report	Principle 6
DIVERSITY AND EQUAL OPPORTUNITY				
	GRI 3-3 Management of material topics	92–94	Sustainability Report	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	92–94	Sustainability Report	Principle 6
	405-2 Ratio of basic salary and remuneration of women to men	92–94	Sustainability Report	Principle 6
NON-DISCRIMINATION				
	GRI 3-3 Management of material topics	57–58	Sustainability Report	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	57–58	Sustainability Report	Principle 6

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GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)	DOCUMENT	UNITED NATIONS GLOBAL COMPACT
	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
	GRI 3-3 Management of material topics	95	Sustainability Report	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	95	Sustainability Report	Principle 3
	SUPPLIER SOCIAL ASSESSMENT			
	GRI 3-3 Management of material topics	55–56	Sustainability Report	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	55–56	Sustainability Report	Principle 2, 4, 5
	414-2 Negative social impacts in the supply chain and actions taken	55–56	Sustainability Report	Principle 2, 4, 5
	PUBLIC POLICY			
	GRI 3-3 Management of material topics	100	Sustainability Report	
GRI 415: Public Policy 2016	415-1 Political contributions	100	Sustainability Report	
	CUSTOMER HEALTH AND SAFETY			
	GRI 3-3 Management of material topics	96	Sustainability Report	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	96	Sustainability Report	Principle 1
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	96	Sustainability Report	Principle 1
	MARKETING AND LABELING			
	GRI 3-3 Management of material topics	97	Sustainability Report	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labelling	97	Sustainability Report	Principle 1
	417-2 Incidents of non-compliance concerning product and service information and labeling	97	Sustainability Report	Principle 1

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Corporate Governance 2023

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Corporate Governance Statement 2023

Introduction

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 **cgfinland.fi**.

This statement is presented separately from the annual report by the Board of Directors. Kemira's Audit Committee has reviewed the Corporate Governance Statement. The Company's Auditor, Ernst & Young Oy, has verified that the statement has been issued and that the description of the main features of internal control and risk management related to the financial reporting process included in the statement is consistent with the Financial Statements.

Governance bodies

The General Meeting of Shareholders, the Board of Directors and the Managing Director are responsible for Kemira's governance and operations. Their tasks are defined based on the Finnish Companies Act and Kemira's Articles of Association.

GENERAL MEETING OF SHAREHOLDERS

Kemira Oyj's General Meeting of Shareholders is the Company's highest decision-making body, and it is held at least once a year. The Annual General Meeting (AGM) must be held each year by the end of May. The AGM decides on matters within its competence under the Companies Act and the Articles of Association, such as the adoption of the financial statements and the dividend payout, the discharge from liability of Board members, Managing Director and his Deputy, the election of Chair, Vice Chair and other members of the Board of Directors and their remuneration, and the election of the auditor and the auditor's fees.

Notice to the General Meeting shall be released on the Company's website no earlier than two months and no later than three weeks before the meeting, and 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 General Meeting in one nationwide newspaper.

Kemira Oyj's Annual General Meeting was held in Helsinki on March 22, 2023. A total of 559 shareholders were represented at the meeting, either in person, by legal representative or by proxy, and a total of 95,120,231 shares and votes were represented at the meeting.

The documents related to the AGM are available on Kemira's website **kemira.com** > Company > 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 May 31 preceding the AGM, and the Chair of Kemira Oyj's Board of Directors acts as an expert member. The members of the Nomination Board shall elect a Chair at the first meeting of the Board. The Group General Counsel acts as the Secretary of the Nomination Board.

The Nomination Board has a Charter approved by the General Meeting that defines more precisely the process to elect its members and Chair as well as its tasks and meeting routines. The Charter was last amended and approved by the Annual General Meeting in 2023. The Charter is publicly available on the company's **website**.

According to its Charter, the Nomination Board will meet at least two times a year. The members present at the meeting shall constitute a quorum if at least three of the members are present at the meeting.

In June 2023, the following representatives of the four largest shareholders were appointed to Kemira's Nomination Board: Ville Kivelä, Chief Investment Officer, Oras Invest Oy; Pauli Anttila, Investment Director, Solidium Oy; Lisa Beauvilain, Global Head of Sustainability & Stewardship, Executive Director, Impax Asset Management plc; Hanna Kaskela, Senior Vice President, Sustainability & Communications, Varma Mutual Pension Insurance Company, and as an expert member, Matti Kähkönen, Chair of Kemira's Board of Directors. Ville Kivelä is the Chair of the Nomination Board and Group General Counsel Jukka Hakkila acts as the Secretary of the Nomination Board. Between January 1 and May 31, the members of the Nomination Board were Ville Kivelä, Pauli Anttila, Lisa Beauvilain, Annika Ekman, Head of Direct Equity Investments, Ilmarinen Mutual Pension Insurance Company and Matti Kähkönen.

The Nomination Board met five times in 2023 with an attendance rate of 100%. Each member's participation in the Nomination Board meetings was as follows:

Name	Participation in meetings	Participation percentage
Anttila, Pauli	5/5	100%
Beauvilain, Lisa	5/5	100%
Ekman, Annika	1/1	100%
Kaskela, Hanna	4/4	100%
Kivelä, Ville	5/5	100%
Kähkönen, Matti	5/5	100%
Total	25/25	100%

BOARD OF DIRECTORS

Composition

The AGM elects the Chair, Vice Chair 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 22, 2023, the Annual General Meeting elected eight members to the Board of Directors. The AGM re-elected Tina Sejersgård Fanø, Werner Fuhrmann, Matti Kähkönen, Timo Lappalainen, Annika Paasikivi and Kristian Pullola to the Board of Directors. Fernanda Lopes Larsen and Mikael Staffas were elected as new members to the Board. Matti Kähkönen was elected the Board's Chair and Annika Paasikivi was elected the Vice Chair. Group General Counsel Jukka Hakkila acts as the Secretary of the Board of Directors. Between January 1 and March 22, 2023 the Board members were Wolfgang Büchele, Shirley Cunningham, Tina Sejersgård Fanø, Werner Fuhrmann, Matti Kähkönen, Timo Lappalainen, Annika Paasikivi and Kristian Pullola.

All of the Board members are independent of the Company. The Board members are also independent of significant shareholders of the Company except for Vice Chair Annika Paasikivi. Passikivi is the Managing Director of Oras Invest Oy, which owns over 10% of Kemira Oyj's shares.

The personal information concerning members of the Board of Directors can be found in the section Group Management and their holdings can be found under the heading Insiders.

Principles concerning the diversity of the Board of Directors

The Board of Directors has adopted the following principles and targets concerning the diversity of the Board of Directors. When designing the composition of the Board of Directors, the Nomination Board of the company assesses the Board's composition from the viewpoint of the company's current and future business needs, while taking into account the diversity of the Board. The diversity of the Board of Directors will be assessed from various viewpoints. Kemira's Board of Directors shall have sufficient and complementary experience and expertise in the key industries and markets relevant to Kemira's business. In addition, an essential element is the personal characteristics of the members and their diversity. The company's aim is that the Board of Directors represent diverse expertise in different industries and markets, diverse professional and educational backgrounds, diverse age distribution and both genders. The objective is that both genders are represented in the Board by at least two members.

The current Board of Directors of the company conforms to the Company's diversity targets. Versatile expertise from various industries and markets is represented in the Board of Directors, as well as various professional and educational backgrounds. There are five male and three female directors.

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 Charter is publicly available on the company's **website**. 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, prepares the agenda for the shareholders' general meeting, and ensures the practical implementation of decisions taken thereby. The Board of Directors authorizes representatives of 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 have wide-ranging effects. These include establishing the Company's long-term goals and the main strategies 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 and lease commitment 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 results 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 Company's values, sustainability targets, and the Code of Conduct. 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, Finnish Accounting Standards (FAS).

The Board of Directors' meetings discuss the Company's profit performance at a 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. According to the Charter of the Board of Directors, the Board must convene regularly and at least eight times a year. The Board of Directors has a quorum when more than half of the directors are present. The opinion which has been supported by more than half of those present shall become the decision or, in the event of votes being equal, the opinion with which the Chair concurs.

In 2023, the Board of Directors met 13 times. The average attendance rate at the meetings was 98%. Each director's attendance in the meetings was as follows:

Name	Participation in meetings	Participation percentage
Büchele, Wolfgang	4/4	100%
Cunningham, Shirley	4/4	100%
Fanø, Tina Sejersgård	13/13	100%
Fuhrmann, Werner	13/13	100%
Kähkönen, Matti	13/13	100%
Lappalainen, Timo	12/13	92%
Lopes Larsen, Fernanda	9/9	100%
Paasikivi, Annika	12/13	92%
Pullola, Kristian	13/13	100%
Staffas, Mikael	9/9	100%
Total	102/104	98%

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. The Charter is publicly available on the Company's **website**. It is tasked to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the internal and external audit process, and Kemira's process for monitoring compliance with laws and regulations and the Kemira Code of Conduct. The Committee reviews the corporate governance statement, material legal disputes, the principles of monitoring related party transactions, and oversees special internal investigations. The Committee monitors Kemira's preparedness for the coming EU ESG-reporting requirements.

The Committee reports to the Board on each meeting. The Audit Committee consists of not less than three members of the Board of Directors. The majority of the members shall be independent of the company and at least one member shall be independent of significant shareholders. According to its Charter, the Audit Committee shall convene at least four times a year. The Audit Committee has a quorum when at least three members are present in the meeting.

After the 2023 AGM, the Board elected Timo Lappalainen as the Chair and Werner Fuhrmann, Fernanda Lopes Larsen and Kristian Pullola as members of the Audit Committee. All members of the Committee are independent of the Company and its significant shareholders. Between January 1 and March 22, 2023 the Committee members were Timo Lappalainen, Werner Fuhrmann, Annika Paasikivi and Kristian Pullola.

The Audit Committee met five times in 2023 with an attendance rate of 100%. Each member's attendance in the Audit Committee meetings was as follows:

Name	Participation in meetings	Participation percentage
Fuhrmann, Werner	5/5	100%
Lappalainen, Timo	5/5	100%
Lopes Larsen, Fernanda	4/4	100%
Paasikivi, Annika	1/1	100%
Pullola, Kristian	5/5	100%
Total	20/20	100%

Personnel and Remuneration Committee

The Personnel and Remuneration Committee works according to its Charter confirmed by the Board of Directors. The Charter is publicly available on the company's **website**. The Committee assists the Board of Directors through the preparation of matters related to compensation and the appointment of Managing Director, his Deputy and the members of the Management Board, and by preparation of matters pertaining to the compensation systems and long-term incentive plans of the Company. The Committee also monitors succession planning of senior management and senior management's performance evaluation. The Committee plans matters pertaining to the development of the organization and reviews the Remuneration Report of the Company. The Committee reports to the Board of Directors on each meeting.

The Committee consists of no less than three members, the majority of which shall be independent of the Company. According to its Charter, the Committee shall convene at least twice a year. The members present at the meeting shall constitute a quorum if at least three of the members are present at the meeting.

After the 2023 AGM, the Board elected Matti Kähkönen as the Chair, Tina Sejersgård Fanø, Timo Lappalainen, Annika Paasikivi and Mikael Staffas as members of the Personnel and Remuneration Committee. All Committee members are independent of the Company. Between January 1 and March 22, 2023 the Committee members were Wolfgang Büchele, Shirley Cunningham, Matti Kähkönen and Timo Lappalainen.

In 2023, the Personnel and Remuneration Committee met four times. The attendance rate at the meetings was 95%. Each member's attendance in the Personnel and Remuneration Committee meetings was as follows:

Name	Participation in meetings	Participation percentage
Büchele, Wolfgang	1/1	100%
Cunningham, Shirley	1/1	100%
Fanø, Tina Sejersgård	3/3	100%
Kähkönen, Matti	4/4	100%
Lappalainen, Timo	4/4	100%
Paasikivi, Annika	3/3	100%
Staffas, Mikael	2/3	67%
Total	18/19	95%

MANAGING DIRECTOR

The Board of Directors appoints the Managing Director (President & CEO) 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 implementing the decisions taken by the Board of Directors. The Managing Director reports to the Board on financial affairs, the business environment and other significant issues. The Managing Director is the Chair of Kemira's Management Board.

Kemira Oyj's Managing Director was President & CEO Jari Rosendal until July 31, 2023. He took sick leave starting July 11, 2023. The Managing Director's Deputy, Group General Counsel Jukka Hakkila assumed the duties of the Managing Director between July 11 and 17, 2023. The Board of Directors appointed CFO Petri Castrén the Interim President & CEO and Interim Managing Director on July 18, 2023. Jari Rosendal passed away on July 31, 2023. Antti Salminen has been appointed as President & CEO and Managing Director effective as of February 12, 2024, after which Petri Castrén will continue as the CFO.

The Managing Director, the Interim 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, the Interim Managing Director and the Managing Director's Deputy is set forth under the section Group Management, and their shareholdings can be found in the section Insiders. The financial benefits related to the employment relationships of the Managing Director, Interim Managing Director and the Managing Director's Deputy are described in the **Remuneration Report**.

MANAGEMENT BOARD

The Management Board is a non-statutory management body consisting of the operative management of the Company. It is responsible for securing the long-term strategic development of the Company.

On December 31, 2023, Kemira's Management Board consists of Interim Managing Director Petri Castrén (Interim President & CEO, CFO), Linus Hildebrandt (EVP, Strategy), Matthew R. Pixton (CTO), Tuija Pohjolainen-Hiltunen (President, Industry & Water), Esa-Matti Puputti (EVP, Operational Excellence & Sustainability), Antti Salminen (President, Pulp & Paper) and Eeva Salonen (EVP, HR). In addition, Wido Waelput served as Interim President for Industry & Water from September 1, 2022 until April 30, 2023. The Managing Director is the Chair of the Management Board and the Group General Counsel acts as its Secretary.

The personal information of the Management Board members is 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, other than the Managing Director, are described on the Company's **website**.

OPERATIONAL ORGANIZATION

Kemira has organized its business into two customer-based segments. The Pulp & Paper segment focuses on serving customers in the pulp and paper industry and the Industry & Water segment focuses on serving customers in the municipal and industrial water treatment sectors. The segments have a strategic leadership role, as they formulate their respective business strategies and guide strategy implementation within the segment. Operational business responsibilities and Profit & Loss responsibility belong to each of the segments.

The segments 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. Such policies and processes are complied with throughout the Company. Functions also have representatives in each geographic 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.

Kemira's operations are geographically 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.

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 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's personnel are responsible for internal control and managers monitor its effectiveness as part of operative management.

Kemira's corporate values, Code of Conduct and Group-level policies and procedures guide corporate governance and internal control within the Group. The internal policies and the Kemira Code of Conduct have been communicated to all Group staff. The Group also provides training covering the main policies for people who need to know such policies. The Code of Conduct is trained to all employees. 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, and monitoring and auditing.

Insiders

Kemira Oyj complies with the EU Market Abuse Regulation, Finnish Securities Market Act, the rules and regulations issued by the European Securities and Markets Authority (ESMA) and Finnish Financial Supervision Authority (Fin-FSA), and the Guidelines for the Insiders of Listed Companies issued by Nasdaq Helsinki Ltd. The company has identified the persons and vice-persons responsible for the various areas of insider administration within the company, including compliance in general, decision-making on the publishing of insider information and on delaying the publication, maintaining the insider list, overseeing compliance with trading restrictions as well as the publication of transactions made by the persons discharging managerial responsibilities and their closely associated persons involving stocks and other financial instruments relating to Kemira.

The company has determined, as required by the Market Abuse Regulation, that the persons discharging managerial responsibilities within the company include the Board of Directors, the Managing Director (President & CEO), Management Board as well as the secretary of Board of Directors and Management Board. The persons discharging managerial responsibilities are responsible for identifying their closely associated persons and to disclose the same to Kemira. Kemira discloses via a stock exchange release all transactions made by the persons discharging managerial responsibilities and their closely associated persons and companies involving stocks and other financial instruments relating to Kemira, as required by the Market Abuse Regulation.

According to the law, a person discharging managerial responsibilities must not make transactions with stocks or other financial instruments of a listed company during a period of 30 days preceding the publications of the interim or annual financial report of a listed company. Kemira applies a similar 30-day trading restriction to those Kemira Group employees who are involved in the preparation or publication of the interim or annual financial report and who have access to group level unpublished financial information.

Kemira Oyj's insider list is maintained by the legal department of the company. The attached table lays out the number of stocks owned by the persons discharging managerial responsibilities for Kemira Oyj, and for companies under their control, on December 31, 2023.

SHAREHOLDINGS OF BOARD OF DIRECTORS AND MANAGEMENT BOARD ON DEC 31, 2023

BOARD OF DIRECTORS

Name	Position	Kemira Oyj shares
Kähkönen, Matti	Chair of the Board of Directors	18,511
Paasikivi, Annika	Vice Chair of the Board of Directors	4,421
Fanø, Tina Sejersgård	Member of the Board of Directors	3,010
Fuhrmann, Werner	Member of the Board of Directors	5,890
Lappalainen, Timo	Member of the Board of Directors	16,929
Lopes Larsen, Fernanda	Member of the Board of Directors	1,330
Pullola, Kristian	Member of the Board of Directors	4,281
Staffas, Mikael	Member of the Board of Directors	1,330
Total		55,702

MANAGEMENT BOARD

Name	Position	Kemira Oyj shares
Castrén, Petri	Interim President & CEO	56,140
Hildebrandt, Linus	Member of the Management Board	0
Pixton, Matthew	Member of the Management Board	33,032
Pohjolainen-Hiltunen, Tuija	Member of the Management Board	24,179
Puputti, Esa-Matti	Member of the Management Board	44,831
Salminen, Antti	Member of the Management Board	71,666
Salonen, Eeva	Member of the Management Board	71,420
Hakkila, Jukka	Other person discharging managerial responsibilities	102,687
Total		403,955

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 is free to determine the scope of internal auditing, the ways of performing its work, and the communication of its findings.

Internal Audit reports to the Audit Committee and administratively to the Group General Counsel. Internal Audit reports all of its observations to the management and to the auditor. In addition, Internal Audit regularly reports the most essential and material observations to the Audit Committee in connection to the Audit Committee's meetings. Furthermore, Internal Audit has direct and unrestricted access to the Chair of the Audit Committee for all necessary discussions.

Audit

Under the Articles of Association, the General Meeting elects an audit firm certified by the Auditor Oversight, a department of the Finnish Patent and Registration Office, as the Company's auditor. The audit firm appoints the Principal Auditor, who is an Authorized Public Accountant certified by Auditor Oversight, a department of the Finnish Patent and Registration Office. The auditor's term of office continues until the next Annual General Meeting after the Auditor's election.

The 2023 Annual General Meeting re-elected Ernst & Young Ltd. as the Company's auditor, with Mikko Rytilahti, APA, acting as the Principal Auditor. In 2023, the audit fee paid globally to the audit firm Ernst & Young totaled EUR 1.8 million. In addition, a total of EUR 0.1 million was paid as fees for tax services and EUR 0.1 million as fees for other services.

Control and risk management systems pertaining to the financial reporting process

Kemira's Board of Directors defines the main principles of risk management and approves the Group's risk management policy. The business segments and functions are responsible for identifying, assessing and managing risks involved in their activities. The Group's Risk Management function coordinates and supports risk management. Kemira's internal control system covers all Group operations, including financial reporting. The internal control activities are carried out in all organizational levels as part of the Group's daily operations. A more detailed description of risks and risk management can be found in Board of Directors Review and on the Company's website at **kemira.com** > Company > Investors > Corporate governance > Internal Control and 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 internal control and risk control work in connection with the financial reporting process to ensure that the financial reports published by the Company give 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 set by the Board of Directors. The Managing Director is responsible for the Company's 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 the financial administration of the Group and the regions have been defined precisely. Group-level financial functions support, monitor, instruct and offer training to the financial organizations of the regions. Group-level financial functions are also responsible for the Group's financial reporting and support segment controllers in analyzing business processes. Financial organization in the regions is responsible for the function of the accounting processes and accuracy of figures in their region. Controlling in segments operates under the segments' business management and analyzes and supports 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 the financial administration's own operating processes. The Group's financial administration assesses risks it has recognized related to financial reporting. The aim of the risk assessment is to identify and assess the most significant threats affecting financial reporting, to define which function or process the risks are associated with, and to determine how the risks would affect the Group's financial reporting if they were to materialize. The Group's financial administration and Risk Management are responsible for ensuring that the risks are reassessed regularly.

FINANCIAL REPORTING AND CONTROL

The internal control and risk management systems pertaining to the financial reporting process have been designed so that sufficient certainty on the reliability of the financial reporting can be obtained and that the financial statements have been prepared in accordance with applicable laws and regulations. Kemira complies with the international standards for financial statements (IFRS) which are applicable in the EU, and other requirements specific to listed companies. Kemira Group policies and procedures define in detail the processes and principles of accounting and financial reporting to be applied in all Group companies.

The purpose of the policies and procedures is to ensure the reliability of financial reporting. The Group has a uniform and comprehensive 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 has determined 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

Through a well-functioning internal control environment, Kemira aims to secure the timeliness, accuracy and transparency of the company's internal and external communication. The most essential guidelines and regulations concerning the financial reporting, internal control and risk management, such as the guidelines regarding the principles of preparation of the financial statements and financial reporting, are available to all employees via the group intranet. Kemira's financial administration regularly arranges training regarding internal control and financial reporting, as well as the use of relevant tools.

MONITORING

The functioning of internal control, risk management and reporting systems is constantly monitored as part of daily management of the Company. Each segment, function and region are 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 and principles at the Group-level. The financial reporting processes are also monitored by the Internal Audit function.

Principles for related party transactions

The Board of Directors of the Company has approved a policy regarding related party transactions. The policy sets forth the Company's process for the monitoring, assessment, and decision-making of related party transactions, as well as the public disclosure of information about related parties and related party transactions. The purpose of the policy is to prevent a related party from taking undue advantage of its position and to provide adequate protection for the interests of the Company and its shareholders. The policy aims to ensure that related party transactions are decided without a conflict of interest, do not negatively affect shareholders' value or the company's profit, and are made transparently.

The Board of Directors has decided that the following persons are related parties of Kemira: Members of the Board of Directors, the Managing Director and his deputy, other members of the Management Board, and such other employees belonging to the management of Kemira Group who have influence in making financial and operational decisions in Kemira Group and who have been considered to be related parties by the Group General Counsel, and close family members of the persons mentioned above. Related party entities include entities of Kemira Group, entities controlled by a related party, and Pension Fund Neliapila. The legal department of the Company maintains an up-to-date register of the Company's related parties.

Kemira

All proposed related party transactions must be disclosed to the Company’s legal department in advance, except for certain customary transactions such as remuneration paid in accordance with the company’s remuneration practices, and transactions having a value not exceeding EUR 5,000. The Company’s legal department, assisted by the Finance & Accounting department, assesses whether a proposed related party transaction is made within the ordinary course of Kemira's business and whether it is made on customary commercial terms. Related party transactions that are made either outside the ordinary course of business of Kemira's or on other than customary commercial terms must be approved in advance by the Board of Directors. The Company’s Finance & Accounting department also monitors transactions made with the related parties within the framework of its own controlling and monitoring system.

The Board of Directors, the Managing Director, and the General Meeting will take into account and comply with the disqualification rules set forth in the applicable laws when considering and deciding on related party transactions. In accordance with the applicable laws and the Rules of Exchange, the Company publicly discloses related party transactions which are material from the shareholders’ perspective and have been entered into either outside of the ordinary course of business or on other than customary commercial terms.

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Board of Directors

MATTI KÄHKÖNEN

b. 1956
- Finnish citizen
- M.Sc. (Eng.)
- Chair of the Board, Chair of the Personnel and Remuneration Committee
- Independent of the Company and its significant shareholders
- Board professional

ANNIKA PAASIKIVI

b. 1975
- Finnish citizen
- M.Sc. (Pol.), BA (Int. Bus.)
- Vice Chair of the Board, member of the Personnel and Remuneration Committee
- Independent of the Company, but not of its significant shareholders
- Main occupation President & CEO of Oras Invest Oy, which owns over 10% of Kemira's shares

TINA SEJERSGÅRD FANØ

b. 1969
- Danish citizen
- M.Sc. (Eng), BA, (Phil. & Edu.)
- Member of the Board and the Personnel and Remuneration Committee
- Independent of the Company and its significant shareholders
- Main occupation Novonesis, Executive Vice President, Planetary Health Biosolutions

WERNER FUHRMANN

b. 1953
- German citizen
- M.Sc. (Econ.)
- Member of the Board and the Audit Committee
- Independent of the Company and its significant shareholders
- Board professional

TIMO LAPPALAINEN

b. 1962
- Finnish citizen
- M.Sc. (Eng.)
- Member of the Board, Chair of the Audit Committee and member of the Personnel and Remuneration Committee
- Independent of the Company and its significant shareholders
- Board professional

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

FERNANDA LOPES LARSEN

b. 1974

- Brazilian and UK citizen
- M.Sc. (Eng.)
- Member of the Board and the Audit Committee
- Independent of the Company and its significant shareholders
- Main occupation Yara International, Executive Vice President Africa & Asia

KRISTIAN PULLOLA

b. 1973

- Finnish citizen
- M.Sc. (Econ.)
- Member of the Board and the Audit Committee
- Independent of the Company and its significant shareholders
- Main occupation Finnair Oyj, Chief Financial Officer

MIKAEL STAFFAS

b. 1965

- Swedish citizen
- M.Sc. (Eng.), MBA
- Member of the Board and the Personnel and Remuneration Committee
- Independent of the Company and its significant shareholders
- Main occupation President & CEO, Boliden AB

Members of the Board of Directors until March 22, 2023

WOLFGANG BÜCHELE

b. 1959

- German citizen
- Dr. rer.nat.
- Member of the Board, member of the Audit Committee
- Independent of the Company and its significant shareholders
- Main occupation Exyte GmbH, CEO and Chairman of the Board

SHIRLEY CUNNINGHAM

b. 1960

- United Kingdom and United States of America citizen
- MBA
- Member of the Board, member of the Personnel and Remuneration Committee
- Independent of the Company and its significant shareholders
- Board professional

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

Group Management

Managing Director, Managing Director's Deputy and members of the Management Board

PETRI CASTRÉN

b. 1962
- LL.M., MBA
- Interim President & CEO, Chief Financial Officer
- Interim Managing Director of Kemira Oyj, Interim Chair of the Management Board as of July 18, 2023

JUKKA HAKKILA

b. 1960
- LL.M.
- Group General Counsel
- Managing Director's Deputy, secretary of the Board of Directors and the Management Board

LINUS HILDEBRANDT

b. 1972
- M.Sc. (Eng.)
- Executive Vice President, Strategy as of June 1, 2023

MATTHEW R. PIXTON

b. 1964
- Ph.D. (Chem. Eng.)
- CTO

TUIJA POHJOLAINEN-HILTUNEN

b. 1966
- M.Sc (Eng.)
- President, Industry & Water as of May 1, 2023

ESA-MATTI PUPUTTI

b. 1959
- Lic. Tech. (Eng)
- Executive Vice President, Operational Excellence & Sustainability

ANTTI SALMINEN

b. 1971
- Ph.D. (Eng.)
- President, Pulp & Paper

EEVA SALONEN

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

Other members of the Management Board during the year 2023

JARI ROSENDAL

b. 1965, d. 2023
- M.Sc. (Eng.)
- President & CEO, Chair of the Management Board until July 31, 2023

WIDO WAELPUT

b. 1959
- B.A. (Econ.)
- Interim President, Industry & Water, until April 30, 2023

Remuneration Report 2023

The Remuneration Report describes the remuneration of Kemira Governing Bodies, i.e., the Board of Directors, the President & CEO and the CEO's Deputy, for the financial year 2023 as required by the Finnish Securities Market Act, the Finnish Limited Liability Companies Act, and the Finnish Corporate Governance Code 2020 issued by the Securities Markets Association.

The report is divided into following sections:

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

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

Dear Shareholders,

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

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

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

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

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

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

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

MATTI KÄHKÖNEN
Chair of the Board and the Personnel and Remuneration Committee

Kemira

ANNUAL REVIEW

SUSTAINABILITY REPORT

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FINANCIAL STATEMENTS

PAY-FOR-PERFORMANCE DURING THE PRECEDING FIVE YEARS

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

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

The table sets out the remuneration paid during the respective year, considering that a portion of that remuneration may have been earned during the previous year.

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

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

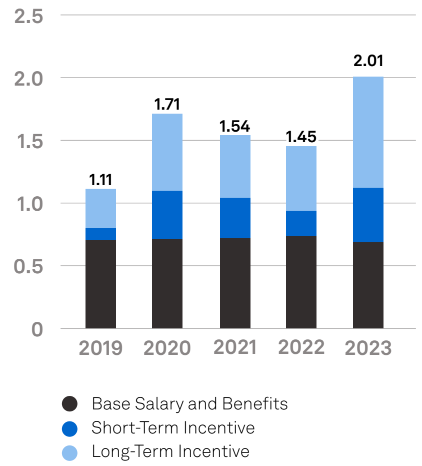
* Annual fee.

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

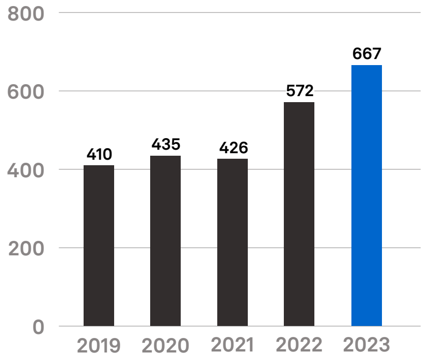
*** Average employee wages and salaries including accrued short-term incentives, excluding side costs, excluding CEO total remuneration.

**** Average headcount excluding CEO.

CEO REMUNERATION
EUR MILLION



KEMIRA OPERATIVE EBITDA
EUR MILLION



REMUNERATION OF THE BOARD OF DIRECTORS FOR THE PRECEDING FINANCIAL YEAR

As stated in the Policy, the Annual General Meeting may at its discretion decide to remunerate the Board with one or more types of remuneration, such as cash and shares. According to the decisions made in the Annual General Meeting 2023, the members of the Board of Directors are paid an annual fee and a fee per meeting. The members of the Board of Directors are not eligible for the short-term bonus plan or the long-term share incentive plan, or supplementary pension plans of Kemira Oyj.

The annual fees are as as follows:

- the Chair receives EUR 118,000.
- the Vice Chair and the Chair of the Audit Committee EUR 67,000.
- the other members EUR 52,000.

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

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

The meeting fees are paid in cash. Travel expenses are reimbursed according to Kemira's travel policy. In addition, the Annual General Meeting 2023 decided that the annual fee shall be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with Kemira shares owned by the company or, if this is not possible, Kemira shares acquired from the securities market, and 60% is paid in cash.

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

Board of Directors*	Annual fee, EUR	Remuneration for Board and committee meetings, EUR	Total 2023, EUR
Kähkönen, Matti	118,000	10,200	128,200
Paasikivi, Annika	67,000	9,600	76,600
Lappalainen, Timo	67,000	12,600	79,600
Fanø, Sejersgård Tina	52,000	12,000	64,000
Fuhrmann, Werner	52,000	14,400	66,400
Lopes Larsen, Fernanda	52,000	12,000	64,000
Pullola, Kristian	52,000	10,800	62,800
Staffas, Mikael	52,000	7,200	59,200
Büchele, Wolfgang	-	5,400	5,400
Cunningham, Shirley	-	4,200	4,200
Total			610,400

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

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

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

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

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

Petri Castrén was appointed as the Interim CEO on July 18, 2023. The remuneration of the Interim CEO consists of a base salary and a short-term incentive plan. Benefits and long-term share incentive plans are based on his primary position as the CFO .

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

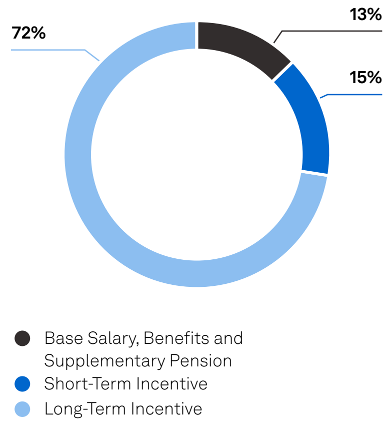
Individual figures presented in the table have been rounded to the nearest exact figure. Therefore, the sum of the individual figures may deviate from the total figure.

*Including cash portion of the reward intended for taxes.

**CEO fixed salary including base salary, tax value of benefits, supplementary defined contribution pension plan and final salary payment. The short- and long-term incentive plans include ongoing plans which were paid to the decedent's estate.

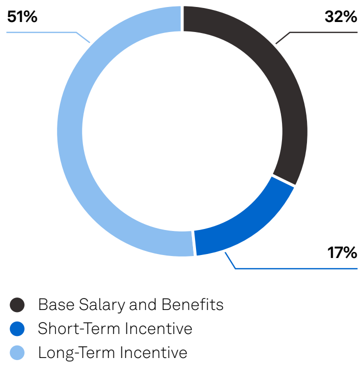
***CEO's Deputy and Interim CEO base salary including tax value of benefits. No supplementary pension is offered to the CEO's Deputy nor Interim CEO. Interim CEO total remuneration as of July 18, 2023.

CEO* REMUNERATION SPLIT IN 2023



* Jari Rosendal

CEO'S DEPUTY REMUNERATION SPLIT IN 2023



REMUNERATION ELEMENT	CEO REMUNERATION	CEO's DEPUTY REMUNERATION	INTERIM CEO REMUNERATION
Base Salary and Benefits	The paid base salary for the period January 1–July 31, 2023 was EUR 383,339 including car and mobile phone benefit. The final salary payment EUR 103,145 took place in September 2023.	The paid base salary for the year 2023 was EUR 197,416 including mobile phone benefit.	The paid base salary for the period July 18–December 31, 2023 was EUR 228,722 including car and mobile phone benefit.
Supplementary Pension	The supplementary pension was defined as 20% of annual base salary. Until July 31, 2023 the value of the defined contribution pension plan was EUR 74,048.	No supplementary pension was offered to the CEO's Deputy.	No supplementary pension was offered to the Interim CEO.
Short-Term Incentives (STI) The performance criterion described in the table on page 132.	**Performance period 2022** The maximum STI opportunity was 80% of the annual base salary. The total weighted outcome of the performance criterion was 92%. Short-term incentives based on the 2022 performance period was EUR 434,174, which was paid in 2023. **Performance period 2023** The maximum STI opportunity is 80% of the annual base salary. The total weighted outcome of the performance criterion was 72%. The outcome was calculated on pro rata basis until July 31, 2023, and the payment of EUR 203,546 was paid to the decedent's estate in September 2023.	**Performance period 2022** The maximum STI opportunity was 60% of the annual base salary. The total weighted outcome of the performance criterion was 91%. Short-term incentives based on the 2022 performance period was EUR 100,114 which was paid in 2023. **Performance period 2023 and due payment** The maximum STI opportunity is 60% of the annual base salary. The total weighted outcome of the performance criterion was 71%. Due short-term incentives based on the 2023 performance period is EUR 80,534 and will be paid in 2024.	**Performance Period 2022** The STI for the performance period 2022 for the Interim President & CEO was based on his main position as CFO. **Performance period 2023 and due payment** The maximum STI opportunity is 80% of the annual base salary. The total weighted outcome of the performance criterion was 75%. Due short-term incentives based on performance period 2023 is EUR 315,000 and will be paid in 2024.
Long-Term Incentives (LTI) The performance criterion described in the table on page 132.	**Performance period 2020-2022** The maximum reward opportunity for the PSP2020–2022 performance period for the CEO was 22,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The 2020–2022 reward opportunity was 50% of the typical annual reward opportunity due to a gradual shift from one-year performance periods to three-year performance periods. The outcome of the reward was 100%, reflecting 22,000 number of shares. The reward EUR 889,385, including the cash portion, was paid in March 2023. **Other Performance periods** The total amount of EUR 2,287,417 was paid in September 2023 to the decedent's estate based on the ongoing Long-term incentive plans PSP2021-2023, PSP2022-2024 and PSP2023-2025. The payment was calculated based on total weighted outcome of the performance criterion with pro rata eligibility until July 31, 2023. The payment was completed in cash in September 2023. No shares were transferred.	**Performance period 2020-2022** The maximum reward opportunity for the PSP2020–2022 performance period for the CEO's Deputy was 7,700 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The 2020–2022 reward opportunity was 50% of the typical annual reward opportunity due to gradual shift from one-year performance periods to three-year performance periods. The outcome of the reward was 100% reflecting 7,000 shares. The reward reward EUR 311,285, including the cash portion, was paid in March 2023. **Performance period 2021–2023 and due payment** The maximum reward opportunity for the PSP2021–2023 performance period for the CEO's Deputy is 15,400 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The outcome of the reward is 100% reflecting 15,400 shares. The reward will be paid in 2024.	**Performance Period 2020-2022** The maximum reward opportunity and payment for the PSP2020-2022 performance period for the Interim CEO was based on his main position as CFO. **Performance Period 2021-2023 and due payment** The maximum reward opportunity for the PSP2021-2023 performance period for the Interim CEO was based on his main position as CFO. The maximum reward opportunity for the PSP 2021–2023 performance period was 22,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The outcome of the reward is 100% reflecting 22,000 shares. The reward will be paid in 2024.

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REMUNERATION ELEMENT	CEO REMUNERATION	CEO's DEPUTY REMUNERATION	INTERIM CEO REMUNERATION
	not applicable	**Ongoing LTI Plans:** • The maximum reward opportunity for the ongoing PSP2022–2024 performance period for the CEO's Deputy is 15,400 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025. • The maximum reward opportunity for the ongoing PSP2023–2025 performance period for the CEO's Deputy is 15,400 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2026. • The maximum reward opportunity for the ongoing PSP2024–2026 performance period for the CEO's Deputy is 15,400 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2027.	**Ongoing LTI Plans:** The maximum reward opportunity for the ongoing LTI plans for the Interim CEO are based on his main position as CFO. • The maximum reward opportunity for the ongoing PSP2022–2024 performance period is 22,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025. • The maximum reward opportunity for the ongoing PSP2023–2025 performance period is 22,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2026. • The maximum reward opportunity for the ongoing PSP2024–2026 performance period is 22,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2027.
Termination	not applicable	A mutual termination notice period of 6 months applies to the CEO's Deputy. He is entitled to a severance pay of 6 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.	The employment terms of the Interim CEO are based on his main position as CFO. A mutual termination notice period is 6 months. He is entitled to a severance pay of 6 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.
Insurance	not applicable	The CEO's Deputy is entitled to insurances such as life and permanent disability, private accident, business travel, and directors' and officers' liability insurance. The CEO's Deputy participates in the company sickness fund.	The insurances offered to the Interim CEO are based on his main position as CFO. He is entitled to insurances such as life and permanent disability, private accident, business travel, and directors' and officers' liability insurance. The Interim CEO participates in the company sickness fund.

INCENTIVE CRITERIA AND LEVEL OF ACHIEVEMENT

The objective of the incentive programs is to drive the short- and long-term objectives and priorities of the company, ensuring alignment with the company strategy and the shareholders' interests. For more details of the Incentive programs see **kemira.com**.

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

Performance Period	Paid in	Incentive Criteria	Weight	Level of Achievement
2022 STI	2023	Group Operative Cash Flow after investing activities	30%	At maximum
		Group Operative EBIT in EUR	30%	At maximum
		Group Organic Revenue Growth in EUR	20%	At maximum
		Group Safety KPI	5%	Below threshold
		Role Specific KPI	15%	
2023 STI	2024	Group Operative Cash Flow after investing activities	30%	At maximum
		Group Operative EBIT in EUR	30%	At maximum
		Group Organic Revenue Growth in EUR	20%	Below threshold
		Group Safety KPI	5%	Below threshold
		Role Specific KPI	15%	
2024 STI	2025	Group Operative Cash Flow after investing activities	30%	
		Group Operative EBIT in EUR	35%	
		Strategic Revenue Growth in EUR	30%	
		Group Safety KPI	5%	

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

Performance Period	Paid in	Incentive Criteria	Weight	Level of Achievement
PSP2020–2022	2023	Average Intrinsic Value p.a.	80%	At maximum
		Average Organic Revenue Growth % p.a.	20%	At maximum
PSP2021–2023	2024	Average Intrinsic Value p.a.	80%	At maximum
		Average Organic Revenue Growth % p.a.	20%	At maximum
PSP2022–2024	2025	Average Intrinsic Value p.a.	80%	
		Average Organic Revenue Growth % p.a.	20%	
PSP2023–2025	2026	Average ROCE-% p.a.	60%	
		Average Organic Revenue Growth % p.a.	20%	
		Kemira CO_2 emission reduction from Scope 1 & 2 by 2025	10%	
		Revenue Growth of Renewable products by 2025	10%	
PSP2024–2026	2027	Average ROCE-% p.a.	60%	
		Average Organic Revenue Growth % p.a.	20%	
		Kemira CO_2 emission reduction from Scope 1 & 2 by 2026	10%	
		Revenue Growth of Renewable products by 2026	10%	

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Financial Statements 2023

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Financial Statements 2023

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○ PART OF THE AUDITED FINANCIAL STATEMENTS 2023

This is a voluntarily published Financial Statements and Board of Directors' review 2023 in pdf format which does not meet the disclosure requirement in the Securities Markets Act (AML 7:5§). Kemira's official Financial Statements and Board of Directors' review 2023, and the Financial Statements and Board of Directors' review 2023 in accordance with ESEF regulations are available at **www.kemira.com**.

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Board of Directors' Review 2023

In 2023, Kemira Group's revenue decreased by 5% to EUR 3,383.7 million (3,569.6). Revenue in local currencies, excluding acquisitions and divestments, decreased by 2% as the impacts from the weak pulp and paper market were not fully compensated by revenue growth in the Industry & Water segment.

Operative EBITDA increased by 17% to a record-high of EUR 666.7 million (571.6) following strong improvement in the Industry & Water segment. The operative EBITDA margin increased to 19.7% (16.0%) with both segments reporting record-high margins. EBITDA decreased by 3% to EUR 540.0 million (558.8). The differences between operative and reported figures are explained by items affecting comparability, which were mainly related to the expected loss from the divestment of the Oil & Gas business.

Operative EBIT increased by 28% to EUR 463.0 million (361.6). EBIT decreased by 3% to EUR 336.4 million (347.6).

Cash flow from operating activities was very strong at EUR 546.0 million (400.3).

EPS, diluted decreased by 14% to EUR 1.28 (1.50) mainly due to the expected loss from the divestment of the Oil & Gas business.

The Board of Directors proposes to the Annual General Meeting 2024 a cash dividend of EUR 0.68 per share (0.62), totaling EUR 104 million (95). It is proposed that the dividend be paid in two installments, in April and November.

KEY FIGURES AND RATIOS

EUR million	2023	2022	2021
Revenue	3,383.7	3,569.6	2,674.4
Operative EBITDA	666.7	571.6	425.5
Operative EBITDA, %	19.7	16.0	15.9
EBITDA	540.0	558.8	373.2
EBITDA, %	16.0	15.7	14.0
Operative EBIT	463.0	361.6	225.4
Operative EBIT, %	13.7	10.1	8.4
EBIT	336.4	347.6	170.1
EBIT, %	9.9	9.7	6.4
Net profit for the period	211.3	239.7	115.2
Earnings per share, diluted, EUR	1.28	1.50	0.70

EUR million	2023	2022	2021
Capital employed*	2,155.5	2,238.0	1,995.0
Operative ROCE*, %	21.5	16.2	11.3
ROCE*, %	15.6	15.5	8.5
Cash flow from operating activities	546.0	400.3	220.2
Capital expenditure excl. acquisition	204.9	197.9	168.8
Capital expenditure	206.8	197.9	169.8
Cash flow after investing activities	349.3	222.3	57.3
Equity ratio, % at period-end	48.3	46.2	42.8
Equity per share, EUR	10.84	10.89	8.68
Gearing, % at period-end	31.8	45.8	63.3
Personnel (average)	4,946	4,936	4,947

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

Unless otherwise stated, all comparisons in this report are made to the corresponding period in 2022.

Kemira provides certain financial performance measures (alternative performance measures) that are not defined by IFRS. Kemira believes that alternative performance measures followed by capital markets and Kemira management, such as revenue growth in local currencies, excluding acquisitions and divestments (=organic growth), EBITDA, operative EBITDA, operative EBIT, cash flow after investing activities, and gearing, provide useful information about Kemira's comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation from the equivalent IFRS measures, and alternative performance measures should be read in conjunction with the most directly comparable IFRS measures. Definitions of the alternative performance measures can be found in the definitions of the key figures in this report, as well as at www.kemira.com > Investors > Financial information. All the figures in this report have been individually rounded, and consequently the sum of the individual figures may deviate slightly from the total figure presented.

In addition to the above key figures and ratios, other key figures which are describing the Group's financial performance are presented in the Other financial information section under Group key figures.

Financial performance in 2023

Revenue decreased by 5%. Revenue in local currencies, excluding acquisitions and divestments, decreased by 2% as sales volumes in the Pulp & Paper segment declined as a consequence of a weak market environment. In Industry & Water, sales volumes increased slightly. Overall sales prices increased, driven by higher sales prices in Industry & Water.

Revenue	2023 EUR, million	2022 EUR, million	Δ%	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	1,748.2	2,027.7	-14	-11	-2	-2
Industry & Water	1,635.5	1,541.9	+6	+9	-2	0
Total	3,383.7	3,569.6	-5	-2	-2	-1

*Revenue growth in local currencies, excluding acquisitions and divestments.

Geographically, the revenue split was as follows: EMEA (Europe, Middle East, Africa) 48% (51%), the Americas 43% (40%), and Asia Pacific 9% (9%).

Operative EBITDA increased by 17%, a record-high of EUR 666.7 million (571.6). Operative EBITDA grew strongly in Industry & Water, following higher sales prices. In Pulp & Paper, operative EBITDA declined slightly, mainly due to lower sales volumes. Variable costs overall moderated during the year. The operative EBITDA margin improved to a record-high, 19.7%, following improvement in both segments, particularly in Industry & Water. Both segments had a record-high margin in 2023.

Variance analysis, EUR million	Jan–Dec
Operative EBITDA, 2022	571.6
Sales volumes	-61.8
Sales prices	+114.3
Variable costs	+106.9
Fixed costs	-49.3
Currency exchange	-4.0
Others	-11.0
Operative EBITDA, 2023	666.7

Operative EBITDA	2023 EUR, million	2022 EUR, million	Δ%	2023 %-margin	2022 %-margin
Pulp & Paper	330.9	348.0	-5	18.9	17.2
Industry & Water	335.8	223.7	+50	20.5	14.5
Total	666.7	571.6	+17	19.7	16.0

EBITDA decreased by 3% to EUR 540.0 million (558.8). The difference between it and operative EBITDA is explained by items affecting comparability. **Items affecting comparability** were mainly related to the expected loss of EUR 101 million from the divestment of the Oil & Gas business (including transaction fees), a provision of EUR 12 million related to the expected underutilization of a single-asset energy company in Pori, Finland, majority owned by Kemira via Pohjolan Voima and a loss of EUR 10 million related to the divestment of the majority of Kemira's colorants business. Items affecting comparability in the comparison period mainly related to an expected loss from the divestment of most of our colorants business, environmental provisions, Kemira's exit from Russia and a manufacturing unit sale to a customer.

Items affecting comparability, EUR million	2023	2022
Within EBITDA	-126.7	-12.8
Pulp & Paper	-22.9	-11.4
Industry & Water	-103.7	-1.4
Within depreciation, amortization and impairments	0.0	-1.2
Pulp & Paper	0.0	-1.2
Industry & Water	0.0	0.0
Total items affecting comparability in EBIT	-126.7	-14.0

Depreciation, amortization, and impairments were EUR 203.6 million (211.2), including the EUR 6.9 million (9.4) amortization of purchase price allocation.

Operative EBIT increased by 28% compared to the previous year. **EBIT** decreased by 3%, and the difference between the two is explained by items affecting comparability, which are described above in the EBITDA section. Items affecting comparability in the comparison period are also described above in the EBITDA section.

Net finance costs totaled EUR -44.4 million (-39.4). The increase was due to foreign exchange valuations. **Income taxes** were EUR -80.7 million (-68.5), with the reported tax rate being 28% (22%), which was impacted by the divestment of the Oil & Gas business. **Net profit** for the period decreased by 12% mainly due to the expected loss from the divestment of the Oil & Gas business.

Financial position and cash flow

Cash flow from operating activities in January–December 2023 increased to a record-high, EUR 546.0 million (400.3), due to lower net working capital. Cash flow after investing activities was also very strong, at EUR 349.3 million (222.3).

At the end of the period, interest-bearing liabilities totaled EUR 937.8 million (1,021.8), including lease liabilities of EUR 121.4 million (148.9). The average interest rate of the Group's interest-bearing loan portfolio (excluding leases) was 2.8% (2.4%), and the duration was 16 months (22). Fixed-rate loans accounted for 77% (83%) of net interest-bearing liabilities, including lease liabilities.

Short-term liabilities maturing in the next 12 months amounted to EUR 322.1 million. On December 31, 2023, cash and cash equivalents totalled EUR 402.5 million (250.6). The Group has a EUR 400 million undrawn committed credit facility maturing in 2026.

At the end of the period, Kemira Group's net debt was EUR 535.2 million (771.2), including lease liabilities. The equity ratio was 48% (46%), while gearing was 32% (46%).

The fair value of Pohjolan Voima and Teollisuuden Voima shares decreased in 2023, mainly due to lower forward electricity prices and long-term forecasts. Olkiluoto 3 started regular electricity production during Q2 2023 and Kemira's indirect ownership through PVO's B2 shares was valued using the discounted cash flow method for the first time in Q2 2023.

Kemira is exposed to transaction and translation currency risks. The Group's most significant transaction currency risks arise from the US dollar, the Chinese renminbi, the Canadian dollar and the Swedish krona. At the end of the year, the US dollar denominated exchange rate risk against EUR had an equivalent value of approximately EUR 132 million, of which 56% was hedged on an average basis. The Chinese renminbi denominated exchange rate risk against EUR had an equivalent value of approximately EUR 115 million, of which 69% was hedged on an average basis. The Canadian dollar denominated exchange rate risk against EUR was approximately EUR 56 million, of which 56 % was hedged on an average basis. The Swedish krona denominated exchange rate risk against EUR had an equivalent value of approximately EUR 35 million, of which 73% was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks against EUR, mainly in relation to the Korean won, the Danish krona, the Polish zloty and the Norwegian krona and against USD mainly in relation to the Canadian dollar and the Brazilian real, with annual exposure in those currencies being approximately EUR 152 million.

As Kemira's consolidated financial statements are compiled in euros, Kemira is also subject to a currency translation risk to the extent to which the income statement and balance sheet items of subsidiaries located outside Finland are reported in a currency other than the euro. The most significant translation exposure derives from the US dollar and the Canadian dollar. The strengthening of currencies against the euro would increase Kemira's revenue and EBITDA through a translation effect.

Capital expenditure

In January–December 2023, capital expenditure excluding acquisitions increased by 4% to EUR 204.9 million (197.9). Capital expenditure excluding acquisitions (capex) can be broken down as follows: expansion capex 16% (22%), improvement capex 28% (29%), and maintenance capex 55% (49%).

Research and Development

In January–December 2023, total research and development expenses were EUR 34.2 million (33.4), representing 1.0% (0.9%) of the Group's revenue.

Kemira's research and development is an enabler of growth and further differentiation. New product launches contribute to the efficiency and sustainability of customer processes as well as 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, as well as on its ability to innovate with differentiated products and applications.

At the end of 2023, Kemira had 419 (401) patent families, including 2,041 (2,101) granted patents, and 963 (1,026) pending applications. During 2023, Kemira applied for 55 (34) new patents and started 11 new product development projects, 82% of them aiming to improve customers' resource efficiency. At the same time, Kemira started the commercialization of four new product development projects, all contributing to improving resource efficiency in customer processes. Kemira also has started several external partnerships in order to innovate and commercialize new renewable solutions for its customers.

Human resources

At the end of the period, Kemira Group had 4,915 employees (4,902). Kemira had 790 (756) employees in Finland, 1,709 (1,690) employees elsewhere in EMEA, 1,484 (1,525) in the Americas, and 932 (931) in APAC.

Non-financial information

DISCLOSURE OF NON-FINANCIAL INFORMATION

Kemira discloses key non-financial information in this section according to the requirements laid down in the EU Directive and Finnish Accounting Act. More information on the non-financial and sustainability matters is provided in the Sustainability Report. The non-financial disclosures are based on the latest Global Reporting Initiative (GRI) disclosures, which are prepared in accordance with the latest GRI standards and are externally assured by an independent third-party. Kemira's most relevant risks are described separately in the risk section on page 153.

OVERVIEW OF KEMIRA'S BUSINESS

Kemira is a global leader in sustainable chemical solutions for water intensive industries and provides best suited products and expertise to improve our customers' product quality, and process and resource efficiency. Kemira has two business areas: Pulp & Paper and Industry & Water. Kemira has operations in around 40 countries and had 60 manufacturing facilities at the end of 2023. In Pulp & Paper, Kemira offers chemical solutions for bleaching, packaging, and printing and writing products. The main product categories in Pulp & Paper are bleaching chemicals, sizing and strength chemicals, various process chemicals, and polymers. In Industry & Water, Kemira offers chemical solutions for municipal and industrial water treatment. In December 2023, Kemira announced it is divesting its Oil & Gas related business and the divestment was closed on February 2, 2024. The main product categories in Industry & Water are coagulants and polymers.

Profitable sustainable growth is Kemira's strategic priority. Sustainability is integrated into Kemira's strategy and long-term success as Kemira's customers are increasingly asking for sustainable products. Kemira provides its customers with solutions that help them to improve the resource efficiency of their operations. In 2023, 59% of Kemira's revenue came from products that improve customer resource efficiency. Kemira's customers focus increasingly on the recyclability and biodegradability of their products. As a result, renewable solutions form one of Kemira's strategic focus areas. Kemira's renewable solutions strategy is covered in more detail in the Annual Review. More information on Kemira's value creation model can be found on page 8 of the **Annual Review**.

CORPORATE SUSTAINABILITY PRIORITIES

Kemira has systematic procedures in place to evaluate and address the economic, environmental, and social impacts of its own operations and business relationships. Our sustainability work is based on day-to-day responsible practices in all our operations. Our corporate sustainability priorities are based on the most material impacts across our business model; on the increasing expectations of our customers, investors, and other stakeholders; and on our commitment to the Kemira Code of Conduct and internationally agreed sustainability principles. Kemira is a signatory of the United Nations Global Compact, and our sustainability work is guided by the UN Sustainable Development Goals (SDGs). Kemira is also committed to operating according to the principles of Responsible Care®, a voluntary commitment created by the global chemical industry to drive continuous improvement and achieve excellence in environmental, health and safety, and security performance.

Kemira's sustainability work focuses on five themes, which cover the most material topics and their impact: Safety, People, Water, Circularity, and Climate. Kemira measures progress in the priority areas through group-level key performance indicators (KPI) and targets that are approved by the Board of Directors. The relevant management processes relating to material corporate sustainability issues are continuously developed and implemented as part of our integrated management system, which is externally certified against ISO 9001:2015 for Quality, ISO 14001:2015 for Environment, and ISO 45001:2018 for Occupational Health and Safety. Kemira also regularly reviews its stakeholders expectations and concerns regarding sustainability. Kemira conducted a double-materiality assessment in 2023 based on the upcoming Corporate Sustainability Reporting Directive (CSRD) methodology. The results and process are described in more detail on pages 39–41 of **Kemira's sustainability report**.

MANAGEMENT OF CORPORATE SUSTAINABILITY

Sustainability is a key element of Kemira's strategy. Work on sustainability is led by the Sustainability Director, who reports to the EVP, Operational Excellence and Sustainability. The sustainability work is governed by the cross-functional and cross-business Sustainability Steering Team, which develops Kemira's ambition level in sustainability and steers the work of dedicated sustainability programs. The team has a range of participants from strategy to business and manufacturing representatives, including Management Board members. The Board of Directors oversees the implementation of strategy as well as reviews risks, including environmental and social matters. In 2022, the Board of Directors included sustainability-related targets, reduction of Scope 1 and Scope 2 emissions and development of Kemira's renewable solutions revenue, as key performance indicators in the performance period 2023–2025 of Kemira's long-term incentive plan. The same sustainability-related targets are also included in the new performance period 2024–2026 of Kemira's long-term incentive plan.

MATERIAL TOPICS

More information on sustainability at Kemira and the outcome of Kemira's sustainability targets in 2023 can be found on page 146.

Environmental and climate-related matters

Kemira's conducted a double-materiality analysis in 2023. Based on the analysis, Kemira has identified topics related to climate, circularity, water, and safety as its environmental sustainability focus areas.

In climate, we continuously strive to reduce our environmental impact. In 2022, Kemira committed to the Science-Based Targets Initiative (SBTi) and simultaneously updated its climate target for Scope 1 and Scope 2 emissions. Kemira is committed to reducing its combined Scope 1 and Scope 2 emissions by 50% by 2030, from a 2018 baseline of 930,000 tons CO_2e. This target is in line with limiting global warming to 1.5 °C, which is currently the most ambitious criterion for setting climate change mitigation targets. Kemira's long-term ambition is to be carbon neutral by 2045 for combined Scope 1 and 2 emissions. As part of its SBTi commitment, Kemira also committed to developing a quantified near-term Scope 3 target within the timeframe set by the Science Based Target initiative framework. Kemira will submit these updated targets to be validated by the SBTi when they are finalized in H1 2024. Kemira is working actively with its suppliers through a supplier engagement program to find ways to reduce Scope 3 emissions.

In water, we work to mitigate water-related risks and grasp water-related opportunities. Kemira operates in businesses that use a lot of water and water is a common denominator for Kemira's both segments. Water is one of Kemira's strategic focus areas and Kemira has ambitions to grow in water treatment. In terms of Kemira's operations, Kemira aims to continuously improve freshwater use intensity in its operations. Our sustainability target as of 2022 is to reach Leadership level in CDP Water Security rating by the end of 2025. In terms of circularity, we aim to reduce waste and increase the use of renewable raw materials. Kemira's sustainability target is to reduce disposed production waste intensity by 15% by 2030 from a 2019 baseline level. In 2020, we introduced a new group-level KPI to increase our revenue from renewable solutions from EUR 100 million to 500 EUR million by 2030. In conjunction with the revenue target, Kemira is working to increase the share of renewable and recycled raw materials of the raw materials it uses. This will allow Kemira to reduce pressure on natural resources, and support our customers in moving away from fossil-based raw materials.

Social and employment-related matters

Kemira has identified people and safety as its social sustainability focus areas. Ensuring workplace safety is a key priority in all our operations. High people, process, and environmental safety performance is fundamental to our business and to our customers. Our target in safety is to improve TRIF (total recordable injury frequency per million working hours for Kemira's employees and contractors) to 1.5 by 2025 and to 1.1 by 2030. Also fostering a strong company culture and commitment of our employees are important success factors for our business. In people, our target is to reach the top 10% cross-industry norm for Diversity, Equity, & Inclusion by 2025.

Respect for human rights

Our Code of Conduct is the foundation for how we conduct business at Kemira. In our code we state that we are committed to the principles of The Universal Declaration of Human Rights and the core conventions of the International Labour Organization (ILO) and the United Nations' Global Compact, and we expect our suppliers and business partners to share these principles. Further we work by the United Nations Guiding Principles which require companies to conduct due diligence to protect and respect human rights. We have a public statement for slavery and human trafficking, where our approach to human rights issues is outlined more in detail. Kemira's Code of Conduct for Business Partners (CoC-BP), supported by the Kemira

Sustainability Policy, set out principles for responsible business conduct, respect for human rights, and provision of appropriate working conditions as well as environmental responsibility. Kemira's latest Human Rights Impact Assessment was conducted in 2021 to identify human rights impacts throughout Kemira operations and value chain. Kemira has a Human Rights Council that oversees and develops Kemira's human rights related processes. More information on Kemira's approach to human rights is available in Kemira's sustainability report.

Anti-corruption and bribery

Kemira's anti-corruption principles are included in the Code of Conduct. Kemira does not tolerate improper or corrupt payments made either directly or indirectly to a customer, government official, or third party, including facilitation payments, improper gifts, entertainment, gratuities, favors, donations, or any other improper transfer of value. We engage only reputable sales representatives and other third parties who share the same commitment. Code of Conduct training is mandatory for all our employees, and there are advisory, monitoring, and reporting procedures in place to ensure full compliance with the Code. We maintain an ethics and compliance Whistleblowing line for employees to enable them to report potential violations of the Code of Conduct or any other concerns. Mandatory anti-bribery training is provided for selected groups of personnel who need to have a comprehensive understanding of Kemira's anti-corruption principles. Awareness of anti-corruption matters is delivered through our Code of Conduct training to all employees. Kemira has conducted an ethics and compliance risk assessment to evaluate corruption-related and bribery-related risks in its operations. There were no confirmed incidents of corruption in 2023.

EU taxonomy

The European Union's target is to reduce net greenhouse gas emissions to zero by 2050. In order to reduce greenhouse gas emissions and to better engage the private sector in the green transition, the EU has introduced the EU taxonomy, a common classification system to define environmentally sustainable economic activities. The aim of the taxonomy is to classify economic activities based on their contribution to six environmental objectives 1) climate change mitigation, 2) climate change adaptation, 3) sustainable use and protection of water and marine resources, 4) transition to a circular economy, 5) pollution prevention and control, and 6) protection and restoration of biodiversity and ecosystems. The EU taxonomy is still developing and as yet does not cover all economic activities. For 2023, companies are required to disclose what proportion of their turnover, capital expenditure (CapEx), and operating expenditure (OpEx) are both eligible and aligned according to the EU taxonomy's two environmental objectives and eligible according to the EU taxonomy's environmental objectives 3–6.*

The manufacturing sector, which Kemira is considered to be part of, is largely out of scope of the current legislation. Currently it mainly includes the manufacturing of basic materials and chemicals such as chlorine, soda ash, and hydrogen. Kemira on the other hand mostly produces specialty chemicals and therefore its current eligibility and alignment figures are low. The EU taxonomy's third environmental objective covers the sustainable use of water. However, it does not include enabling activities for the sustainable use of water, but instead focuses more on the activities that are directly linked to water infrastructure from construction to operation to renewal of water infrastructure. Kemira's products are essential for clean drinking water and wastewater, but they are currently excluded from the scope of the EU taxonomy. Kemira is in active dialogue with the EU commission regarding the scope of the EU taxonomy and the importance of chemicals as an enabler for the water infrastructure.

ACCOUNTING PRINCIPLES

EU taxonomy requires the disclosure of three financial indicators: turnover, capital expenditure (CapEx), and operating expenditure (OpEx). These indicators are defined by the EU taxonomy and the definitions differ from the IFRS-definitions of CapEx and OpEx, which are used elsewhere in Kemira's financial reporting. Kemira has calculated the KPIs based on the definitions by the EU taxonomy and has taken a conservative approach when interpreting the EU Taxonomy Regulation. The EU taxonomy also requires companies to disclose how they have avoided double counting of their economic activities. Kemira avoided double-counting by ensuring that turnover, CapEx, and OpEx were only allocated once to the taxonomy activities and only to one environmental objective: climate change mitigation. Kemira does not contribute to multiple environmental objectives.

KEMIRA'S TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (PLEASE SEE TABLES ON FOLLOWING PAGES FOR A MORE DETAILED BREAKDOWN)

Key Performance Indicator	Total (MEUR)	Share of taxonomy-eligible economic activities (%)	Share of taxonomy non-eligible economic activities (%)	Share of taxonomy aligned economic activities (%)	Share of taxonomy non-aligned economic activities (%)
Turnover	3,383.7	0	100	0	100
Capital expenditure (CapEx) as per definition of the EU Taxonomy	243.9	1	99	0	100
Operating expenditure (OpEx) as per definition of the EU Taxonomy	107.8	0	100	0	100

Turnover in EU Taxonomy equals revenue in Kemira's financial reporting. Capex as per definition of the EU taxonomy equals Kemira's reported capital expenditure added with additions into right-of-use assets. Opex as per definition of the EU taxonomy equals direct R&D and maintenance expenditure. Please refer to the Financial Statements note 2.1 for more information on revenue, 3 for capital expenditure and 2.2 for operating expenditure.

Turnover. Kemira's eligible turnover mainly consisted of industrial by-products, such as hydrogen and waste heat that is sold for district heating. Kemira's waste heat turnover is taxonomy-aligned, while hydrogen turnover is not taxonomy-aligned due to the lack of life-cycle-assessments in a form required in the EU Taxonomy Regulation.

Capital expenditure. Kemira had no revenue-related CapEx as the taxonomy-eligible turnover consisted of industrial by-products for which Kemira does not specifically spend CapEx. In terms of individually sustainable CapEx**, Kemira spent EUR 2.6 million CapEx on electric vehicles in 2023.

Operating expenditure. Kemira had no revenue-related OpEx as the taxonomy-eligible turnover consisted of industrial by-products for which Kemira does not specifically spend OpEx on. Based on Kemira's analysis, individually sustainable OpEx** was not material in 2023.

*Taxonomy-eligibility means that an activity is classified in the taxonomy, which is an indication that it might have a substantial contribution to one of the six environmental objectives of the taxonomy. Taxonomy-aligned means that an activity is environmentally sustainable, according to the EU taxonomy criteria. Economic activities are considered to be aligned according to the EU taxonomy when they:

- Make a substantial contribution to one of the six objectives mentioned above and they comply with certain technical screening criteria.
- Do no significant harm (DNSH) to the achievement of any other objective of the EU taxonomy.
- Comply with minimum safeguards for human rights, taxation, corruption, and fair competition.

Kemira has assessed its eligible revenue based on the above categories to determine whether the taxonomy-eligible activities are also taxonomy-aligned activities. In 2023, Kemira performed a minimum safeguards self-assessment in relation to the EU Taxonomy reporting in the fields on human rights, taxation, corruption, and fair competition. The conclusion from this assessment is that Kemira meets the EU Taxonomy minimum safeguards on a group level. In its taxonomy reporting, Kemira has taken into account the latest regulation regarding DNSH criteria and delegated acts.

**Individually sustainable CapEx / OpEx refers to CapEx / OpEx that enables an economic activity to be conducted in a low-carbon manner or to reduce greenhouse gas emissions.

TURNOVER

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Production of heat/cool from waste heat	4.25	7.0	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.2%		
Turnover of environmentally sustainable activities (Taxonomy Aligned (A.1)		**7.0**	**0.2%**	**0.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.2%**		
Of which Enabling			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which Transitional			0.0%	0.0%															
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of hydrogen	3.10	4.9	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4.9**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.1%**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**11.9**	**0.4%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.4%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		3,371.8	99.6%																
TOTAL		**3,383.7**	**100.0%**																

EL = eligible
N/EL= non-eligible

CAPEX

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Production of heat/cool from waste heat	4.25	0.0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
Of which Enabling			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which Transitional			0.0%	0.0%															
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of hydrogen	3.10	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	2.6	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2.6**	**1.1%**	**1.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.5%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**2.6**	**1.1%**	**1.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.5%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		241.3	98.9%																
TOTAL		**243.9**	**100.0%**																

EL = eligible
N/EL= non-eligible

OPEX

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Production of heat/cool from waste heat	4.25	0.0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
Of which Enabling			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which Transitional			0.0%	0.0%															
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of hydrogen	3.10	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		107.8	100.0%																
TOTAL		**107.8**	**100.0%**																

EL = eligible
N/EL= non-eligible

Sustainability

Kemira's sustainability work covers economical, environmental and social topics and is guided by the UN's Sustainable Development Goals (SDGs). Our focus is on Clean Water and Sanitation (SDG6), Decent Work and Economic Growth (SDG8), Responsible Consumption and Production (SDG12) and Climate Action (SDG13). More information on sustainability at Kemira can be found in the 2023 Sustainability report.

SUSTAINABILITY PERFORMANCE IN 2023

Safety TRIF* improved slightly to 2.5 in 2023 (2022: 2.6). Kemira will continue its safety-related activities and projects to improve safety awareness and to steer performance toward the 2024 TRIF target of 1.9.

People Kemira's target is to reach the Glint top 10% of the cross industry benchmark for Diversity, Equity & Inclusion (DEI) by end of 2025. In 2023, our Inclusion index score improved by 2 points to 78 and we reached the top 25% (benchmark score of 80 needed to reach cross industry top 10%). In Q4 2023, we continued with DEI workshops, to reach employees at 31/60 manu-facturing sites. By the end of 2023, over 500 employees had completed the eLearning on DEI awareness, with positive overall feedback. Kemira's employee engagement score in November 2023 was 80 (74 external manufacturing benchmark) with all items well above the benchmark.

Circularity Kemira continued to progress its renewable solutions strategy during 2023 and e.g. announced the next steps in its partnership with IFF, in December 2023. Renewable solutions revenue declined slightly to around EUR 230 million following lower prices for renewable sizing chemicals. In terms of waste reduction, Kemira both began new and continued existing waste intensity reduction initiatives, the benefits of which are expected to be seen in the coming years. Waste intensity in 2023 decreased compared to 2022.

Water Kemira further improved its water data reporting and data quality during 2023, with a systematic revision of water balances at all manufacturing sites. In 2023, freshwater use intensity improved, mostly due to the divestment of the colorants business and lower production volumes at some water-intensive sites. The CDP Water Security questionnaire results are expected to be available during Q1 2024.

Climate In 2023, we continued to develop a near-term Scope 3 emission reduction target, as part of the Science Based Targets Initiative (SBTi) commitment. Kemira plans to submit the Scope 1 and 2*** and Scope 3 targets to SBTi for validation during H1 2024. In 2023, the absolute Scope 1 and 2 emissions decreased, in line with the SBTi reduction commitment for 2023. The decrease in absolute Scope 1+2 emissions is related to our zero-carbon energy sourcing ambition and to improvements in the carbon footprint of our energy suppliers. Furthermore, the Scope 1+2 emissions intensity (tons CO_2e per ton of production) also improved. In January 2023, Kemira launched a Supplier Engagement Program to improve its understanding of the life cycle impacts associated with its products. One of the key priorities is to collect product carbon footprint (PCF) and life cycle assessment (LCA) data from raw materials suppliers to develop actions to reduce CO_2 emissions in our value chain.

SDG	KPI	UNIT	2023	2022
8 DECENT WORK AND ECONOMIC GROWTH	**SAFETY** **TRIF*** 1.5 by 2025 and 1.1 by the end of 2030 *TRIF = total recordable injury frequency per million hours, Kemira + contractors		2.5	2.6
8 DECENT WORK AND ECONOMIC GROWTH	**PEOPLE** Reach top 10% cross industry norm for Diversity & Inclusion by the end of 2025		In the top 25%	Slightly below top 25%
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**CIRCULARITY** Reduce waste intensity** by 15% by the end of 2030 from a 2019 baseline of 4.6 **kilograms of disposed production waste per metric tonnes of production	kg/ tonnes of production	4.4	4.6 [1)]
	Renewable solutions > EUR 500 million revenue by the end of 2030		~230	~250
6 CLEAN WATER AND SANITATION	**WATER** Reach the Leadership level (A) in water management by the end of 2025 measured by CDP Water Security scoring methodology.	Rate scale A–D	N/A	B
13 CLIMATE ACTION	**CLIMATE** Scopes 1 & 2*** emissions -50% by the end of 2030 compared to 2018 baseline of 930 $ktCO_2e$	$ktCO_2e$	625	816

***Scope 1: Direct greenhouse gas emissions from Kemira's manufacturing sites, e.g. the generation of energy and emissions from manufacturing processes. Scope 2: Indirect greenhouse gas emissions from external generation and purchase of electricity, heating, cooling, and steam.

1) Comparison period figure has been recalculated. More information in the Sustainability report.

Segments

PULP & PAPER

Pulp & Paper has unique expertise in applying chemicals and in supporting pulp and paper producers in innovating and constantly improving their operational efficiency as well as end product performance and quality. The segment develops and commercializes new products to meet the needs of its customers, thus ensuring a leading portfolio of products and services for the bleaching of pulp as well as the paper wet-end, focusing on packaging, board and tissue. Pulp & Paper continues to leverage its strong application portfolio in North America and EMEA while also building a strong position in the emerging Asian and South American markets.

EUR million	2023	2022
Revenue	1,748.2	2,027.7
Operative EBITDA	330.9	348.0
Operative EBITDA, %	18.9	17.2
EBITDA	308.0	336.6
EBITDA, %	17.6	16.6
Operative EBIT	216.3	225.7
Operative EBIT, %	12.4	11.1
EBIT	193.4	213.1
EBIT, %	11.1	10.5
Capital employed*	1,282.0	1,337.7
Operative ROCE*, %	16.9	16.9
ROCE*, %	15.1	15.9
Capital expenditure excl. M&A	124.4	122.5
Capital expenditure incl. M&A	126.2	122.5
Cash flow after investing activities	216.3	207.2

*12-month rolling average.

The segment's **revenue** decreased by 14%. Revenue in local currencies (excluding divestments and acquisitions) decreased by 11% due to lower sales volumes. Sales volumes decreased in all product groups following weak market demand, particularly in pulp and bleaching chemicals. Sales prices declined slightly, again mainly due to lower market prices for pulp and bleaching chemicals. Beyond pulp and bleaching chemicals, sales prices were rather stable.

The market prices of caustic soda were at a high level during Q1 2023, but then moderated in Q2–Q4 2023. Currencies had a negative impact.

In **EMEA**, revenue decreased by 18% to EUR 891.4 million (1,088.6), mainly due to lower sales volumes, which declined across product groups. Sales prices decreased due to lower market prices for energy-intensive pulp and bleaching chemicals, including caustic soda.

In **the Americas**, revenue decreased by 11%, to EUR 573.1 million (647.1). Revenue in local currencies, excluding acquisitions and divestments, decreased by 6% due to lower sales volumes across product groups. Sales prices increased.

In **APAC**, revenue decreased by 3%to EUR 283.6 million (292.0). Revenue in local currencies, excluding acquisitions and divestments, increased by 2% due to higher sales volumes, particularly in sizing chemicals. Sales prices declined.

Operative EBITDA decreased by 5% mainly due to lower sales volumes. The operative EBITDA margin increased to 18.9%, an all-time high. **EBITDA** decreased by 8%. The difference between it and operative EBITDA is explained by items affecting comparability, which mainly consisted of a provision of EUR 12 million related to the expected underutilization of a single-asset energy company in Pori, Finland, majority owned by Kemira via Pohjolan Voima and a loss of EUR 10 million from the divestment of most of our colorants business. Items affecting comparability in the comparison period mainly related to an expected loss from the divestment of most of our colorants business, environmental provisions, Kemira's exit from Russia and a manufacturing unit sale to a customer.

INDUSTRY & WATER

Industry & Water supports municipalities and water-intensive industries in the efficient and sustainable use of resources. In water treatment, Kemira enables the optimization of various stages of the water cycle. Kemira completed the divestment of its Oil & Gas business on February 2, 2024.

EUR million	2023	2022
Revenue	1,635.5	1,541.9
Operative EBITDA	335.8	223.7
Operative EBITDA, %	20.5	14.5
EBITDA	232.0	222.2
EBITDA, %	14.2	14.4
Operative EBIT	246.7	135.9
Operative EBIT, %	15.1	8.8
EBIT	143.0	134.5
EBIT, %	8.7	8.7
Capital employed*	873.5	900.3
Operative ROCE*, %	28.2	15.1
ROCE*, %	16.4	14.9
Capital expenditure excl. M&A	80.5	75.4
Capital expenditure incl. M&A	80.5	75.4
Cash flow after investing activities	242.5	100.9

*12-month rolling average.

The segment's **revenue** increased by 6%. Revenue in local currencies, excluding acquisitions and divestments, increased by 9%. The increase was driven by higher sales prices in water treatment. Sales volumes were rather stable. Currencies had a negative impact.

In the water treatment business, revenue increased by 1% due to higher sales prices. Sales volumes declined, mainly due to soft demand in industrial water treatment. Revenue in the Oil & Gas business increased by 21% to EUR 457.1 million (377.5), due to higher sales volumes, particularly in shale. Sales prices decreased.

In **EMEA**, revenue decreased by 2%to EUR 730.4 million (746.4). Sales volumes decreased, mainly due to soft demand in industrial water treatment, including mining. Sales prices increased in water treatment. Currencies had a positive impact.

In **the Americas**, revenue increased by 15%to EUR 885.1 million (767.1). Revenue in local currencies, excluding acquisitions and divestments, increased by 19%, following higher sales volumes in the Oil and Gas business and higher sales prices in water treatment.

In **APAC**, revenue decreased by 30% to EUR 20.0 million (28.4).

Operative EBITDA increased by 50% following higher sales prices in water treatment. The operative EBITDA margin increased to a record-high of 20.5%due to strong performance in water treatment. The operative EBITDA margin also improved in the Oil & Gas business. Currencies had a negative impact. **EBITDA** increased by 4% and the difference to operative EBITDA is explained by items affecting comparability, which were mainly related to the expected loss of EUR 101 million from the divestment of the Oil & Gas business, including transaction fees.

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The parent company's financial performance

Kemira Oyj's revenue decreased to EUR 2,030.4 million (2,206.7) in 2023. EBITDA was EUR 195.7 million (220.4). The parent company's financing income and expenses were EUR -24.9 million (172.7), following lower dividend income from group companies and the write-off of group company shares. The net result for the financial year decreased to EUR 104.2 million (314.7), following lower revenue and increased financing expenses. The total capital expenditure was EUR 18.2 million (23.2), excluding investments in subsidiaries.

Kemira Oyj had 500 (2022: 502, 2021: 502) employees on average during 2023.

Kemira Oyj's shares and shareholders

On December 31, 2023, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles the holder to one vote at the Annual General Meeting.

At the end of December 2023, Kemira Oyj had 49,659 registered shareholders (48,403 on December 31, 2022). Non-Finnish shareholders held 34.7% of the shares (31.5% on December 31, 2022), including nominee-registered holdings. Households owned 19.0% of the shares (19.3% on December 31, 2022). Kemira held 1,722,725 treasury shares (1,990,197 on December 31, 2022), representing 1.1% (1.3% on December 31, 2022) of all company shares.

Kemira Oyj's share price increased by 17% during the reporting period and closed at EUR 16.79 on the Nasdaq Helsinki at the end of December 2023 (14.33 on December 31, 2022). The shares registered a high of EUR 18.22 and a low of EUR 13.51 in January–December 2023, and the average share price was EUR 15.36. The company's market capitalization, excluding treasury shares, was EUR 2,579 million at the end of December 2023 (2,198 on December 31, 2022).

In January–December 2023, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 688 million (EUR 462 million in January–December 2022). The average daily trading volume was 174,707 shares (146,311 in January–December 2022). The total volume of Kemira Oyj's share trading in January–December 2023 was 57 million shares (49 million shares in January–December 2022), 23% (25% in January–December 2022) of which was executed on other trading platforms (e.g. Turquoise, CBOE DXE). Source: Nasdaq and Kemira.com.

FLAGGING NOTIFICATIONS

March 1, 2023: The shareholding of Solidium Oy in Kemira decreased to 5.01 per cent.
January 17, 2023: The shareholding of Impax Asset Management Group plc in Kemira decreased to 4.99 per cent.

Management shareholding

The members of the Board of Directors as well as the Interim President and CEO and his Deputy held 214,529 (330,988) Kemira Oyj shares on December 31, 2023 or 0.14% (0.21%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Petri Castrén, Interim President and CEO, held 56,140 shares on December 31, 2023. Members of the Management Board, excluding the Interim President and CEO and his Deputy, held a total of 245,128 shares on December 31, 2023 (237,515), representing 0.16% (0.15%) 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 **kemira.com/investors**.

	Amount of shares		% of shares	
Owners	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Board of Directors	55,702	66,932	0.04	0.04
Interim President and CEO*	56,140	169,069	0.04	0.11
CEO's Deputy	102,687	94,987	0.07	0.06
Members of the Management Board (excl. CEO and CEO's Deputy)	245,128	237,515	0.16	0.15

*in 2022, the shareholding refers to the previous President and CEO's holding.

OWNERSHIP DECEMBER 31, 2023

Owners	% of shares and votes 2023	2022
Corporations	26.0	25.1
Financial and insurance corporations	4.0	3.7
General government	13.6	17.6
Households	19.0	19.3
Non-profit institutions	2.7	2.9
Non-Finnish shareholders incl. nominee registered	34.7	31.5

SHAREHOLDING BY NUMBER OF SHARES HELD DECEMBER 31, 2023

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	19,087	38.4%	919,462	0.6
101–500	18,297	36.8%	4,839,778	3.1
501–1,000	5,882	11.8%	4,503,491	2.9
1,001–5,000	5,381	10.8%	11,238,360	7.2
5,001–10,000	574	1.2%	4,126,138	2.7
10,001–50,000	351	0.7%	6,560,370	4.2
50,001–100,000	38	0.1%	2,666,853	1.7
100,001–500,000	33	0.1%	6,160,766	4.0
500,001–1,000,000	7	0.0%	5,296,157	3.4
1,000,001–	9	0.0%	109,031,182	70.2
Total	49,659	100.0%	155,342,557	100.0

LARGEST SHAREHOLDERS DECEMBER 31, 2023

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	33,553,000	21.6
2	Solidium Oy	7,782,765	5.0
3	Varma Mutual Pension Insurance Company	5,332,678	3.4
4	Nordea Funds	3,896,196	2.5
5	Ilmarinen Mutual Pension Insurance Company	3,700,000	2.4
6	Elo Mutual Pension Insurance Company	2,277,000	1.5
7	Etola Group Oy	1,000,000	0.6
8	Veritas Pension Insurance Company Ltd.	861,372	0.6
9	Laakkonen Mikko Kalervo	770,000	0.5
10	Nordea Life Assurance Finland Ltd.	738,047	0.5
11	The State Pension Funds	560,000	0.4
12	Paasikivi Pekka Johannes	462,200	0.3
13	Säästöpankki Funds	392,194	0.3
14	Valio Pension Fund	379,450	0.2
15	OP-Henkivakuutus Ltd.	340,902	0.2
	Kemira Oyj	1,722,725	1.1
	Nominee registered and foreign shareholders	53,835,387	34.7
	Others, Total	37,738,641	24.2
	Total	155,342,557	100.0

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SHARE KEY FIGURES

	2023	2022	2021	2020	2019
PER SHARE FIGURES					
Earnings per share (EPS), basic, EUR [1]	1.30	1.51	0.71	0.86	0.72
Earnings per share (EPS), diluted, EUR [1]	1.28	1.50	0.70	0.86	0.72
Net cash generated from operating activities per share, EUR [1]	3.56	2.61	1.44	2.45	2.53
Dividend per share, EUR [1] [2]	0.68	0.62	0.58	0.58	0.56
Dividend payout ratio, % [1] [2]	52.4	41.0	82.2	67.5	77.6
Dividend yield, % [1] [2]	4.1	4.3	4.4	4.5	4.2
Equity per share, EUR [1]	10.84	10.89	8.68	7.80	7.98
Price per earnings per share (P/E ratio) [1]	12.95	9.48	18.88	15.07	18.37
Price per equity per share [1]	1.55	1.32	1.54	1.66	1.66
Price per cash flow from operations per share [1]	4.72	5.49	9.27	5.28	5.24
Dividend paid, EUR million [2]	104.5	95.1	88.8	88.7	85.5
SHARE PRICE AND TRADING					
Share price, high, EUR	18.22	14.94	14.66	14.24	14.99
Share price, low, EUR	13.51	10.36	12.64	8.02	9.77
Share price, average, EUR	15.36	12.57	13.67	11.55	12.56
Share price on Dec 31, EUR	16.79	14.33	13.33	12.94	13.26
Number of shares traded (1,000) [3]	43,852	37,017	57,478	75,885	53,048
% on number of shares	29	24	38	50	35
Market capitalization on Dec 31, EUR million [1]	2,579	2,198	2,041	1,979	2,024
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) [1]	153,573	153,320	153,092	152,879	152,630
Average number of shares, diluted (1,000) [1]	155,051	154,261	153,785	153,373	153,071
Number of shares on Dec 31, basic (1,000) [1]	153,620	153,352	153,127	152,924	152,649
Number of shares on Dec 31, diluted (1,000) [1]	155,303	154,894	154,068	153,744	153,385
Increase (+) / decrease (-) in number of shares outstanding (1,000)	267	225	203	275	139
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 2023 is the Board of Directors' proposal to the Annual General Meeting.
3) Shares traded on Nasdaq Helsinki only.

AGM decisions

ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting, held on March 22, 2023, approved the Board of Directors' proposal for a dividend of EUR 0.62 per share for the financial year 2022. The dividend was paid in two installments. The first installment of EUR 0.31 per share was paid on April 5, 2023. The Annual General Meeting authorized the Board of Directors to decide the record date and the payment date for the second installment of the dividend.

The Board of Directors decided on the record date and the payment date for the second installment of the dividend of EUR 0.31 at its meeting on October 23, 2023. The payment date of the second installment of the dividend was November 2, 2023. Kemira announced the resolution of the Board of Directors with a separate stock exchange release and confirmed the record and the payment dates.

The 2023 AGM authorized the Board of Directors to decide upon the repurchase of a maximum of 6,000,000 of the company's own shares. This corresponds to approximately 3.9% of all shares and votes in the company. The 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 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 repurchase. The price paid for the shares repurchased through a tender offer under such an 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 shares quoted in public trading during the authorization period and the maximum price would be 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 and the rules of Euroclear Finland Ltd as well as other applicable regulations. 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 on other terms related to the share repurchase. The share repurchase authorization is valid until the end of the next Annual General Meeting. The authorization was not used by December 31, 2023.

The Annual General Meeting authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares (corresponding to approximately 10% of all company shares and votes) and/or transfer a maximum of 7,800,000 of the company's own shares (corresponding to approximately 5% of all company shares and votes) held by the company ("Share issue"). 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 disapplying 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 it 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 plans. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for the company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors shall decide upon other terms related to the share issues. The share issue authorization is valid until May 31, 2024. The share issue authorization has been used and shares owned by the Group were conveyed to members of the Board and key employees in connection with remuneration.

The Annual General Meeting decided that the Articles of Association are to be amended by adding a new article regarding the organization of the general meeting, so that the general meeting can be held completely without a meeting venue, as a so-called remote meeting.

The Annual General Meeting decided to amend the Charter of the Nomination Board by adding new sections to the Charter relating to instructions for holders of nominee-registered shares to use the right to nominate a member to the Nomination Board, to practices when a qualified shareholder refuses to nominate a member to the Nomination Board or when two or several qualified shareholders hold an equal number of shares, the unanimity of the Nomination Board's decisions as well as to procedures relating to amendments to the Charter.

The AGM elected Ernst & Young Oy to serve as the company's auditor, with Mikko Rytilahti, Authorized Public Accountant, acting as the key audit partner.

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 22, 2023, the Annual General Meeting elected eight members to the Board of Directors. The Annual General Meeting re-elected Tina Sejersgård Fanø, Werner Fuhrmann, Matti Kähkönen, Timo Lappalainen, Annika Paasikivi and Kristian Pullola and elected Fernanda Lopes Larsen and Mikael Staffas as new members to the Board of Directors. Matti Kähkönen was elected as the Chair of the Board of Directors and Annika Paasikivi was elected as the Vice Chair. In 2023, Kemira's Board of Directors met 13 times, with a 98% 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 Matti Kähkönen and has Tina Sejersgård Fanø, Timo Lappalainen, Annika Paasikivi and Mikael Staffas as members. In 2023, the Personnel and Remuneration Committee met 4 times, with a 95% attendance rate. The Audit Committee is chaired by Timo Lappalainen and has Werner Fuhrmann, Fernanda Lopes Larsen and Kristian Pullola as members. In 2023, the Audit Committee met 5 times, with a 100% attendance rate.

STRUCTURE

In 2023, Kemira divested the majority of its colorants business and its Oil & Gas-related portfolio. The divestment of the colorants business was closed on May 5, 2023, while the divestment of the Oil & Gas business was closed after the review period on February 2, 2024.

Short-term risks and uncertainties

PRICE AND AVAILABILITY OF RAW MATERIALS AND COMMODITIES

A significant and sudden increase in the cost of raw materials, commodities or logistics could place Kemira's profitability at risk if Kemira is not able to pass on such increases to product prices without delay. For instance, considerable and/or rapid changes in oil, energy, and electricity prices could materially impact Kemira's profitability. Changes in the raw material supplier field, such as consolidation or decreasing capacity, may also increase raw material prices. Furthermore, significant demand changes in industries that are the main users of certain raw materials may lead to raw material price fluctuations. In 2023, raw material and commodity prices decreased compared to 2022. Energy and electricity prices also stabilized in Europe as market turmoil caused by the war in Ukraine largely dissipated. In Europe, electricity prices are expected to remain above long-term average levels, with seasonal variation.

Poor availability of certain raw materials may affect Kemira's production and also profitability if Kemira fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity related risks can be effectively monitored and managed by 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, captive manufacturing of some of the critical raw materials, strategic investment in energy-generating companies and hedging a portion of the energy and electricity spend. In 2023, Kemira demonstrated good resilience in managing raw material risks.

During 2023, energy markets in Europe stabilized to a large extent and improved their resilience related to the war in Ukraine. Nevertheless, Kemira continues to monitor the situation closely.

SUPPLIERS

The continuity of Kemira's business operations is dependent on the accurate supply of good-quality products and services. Kemira currently has in place numerous partnerships and other agreements 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 a single source. In the event of a sudden and significant loss or interruption to the supply of such a raw material, Kemira's operations could be impacted and this could have a negative effect on Kemira. Ineffective procurement planning, supply source selection, contract administration, as well as inadequate supplier relationship management, create a risk of Kemira not being able to fulfill its promises to customers. The war in Ukraine or the COVID-19 pandemic did not cause significant impacts to Kemira's manufacturing operations in 2023. Disruptions to energy availability or changes in energy pricing could increase counterparty risk in energy hedging. Kemira is monitoring the energy counterparty risk actively and has been reducing exposure to this risk during 2023.

Kemira sources a large share of its electricity in Finland at production cost (the Mankala principle) through its partial ownership of the electricity producing hydro and nuclear assets of Teollisuuden Voima and Pohjolan Voima. Significant long-term disruptions to the production levels of these assets could have an adverse financial impact on Kemira.

Kemira continuously aims to identify, analyze and engage third-party suppliers in a way that ensures security of supply and the competitive pricing of end products and services. Collaborative relationships with key suppliers are developed in order to uncover and realize new value and to reduce risk. Supplier performance is also regularly monitored as a part of the supplier performance management process. Due to the high-risk environment related to suppliers in the chemical industry, risk management and mitigation in this area is subject to a continuous level of high focus.

HAZARD RISKS

Kemira's production activities are exposed to many hazard risks – such as fires and explosions, machinery breakdowns, natural catastrophes, exceptional weather conditions and environmental incidents – and to the consequent possible liabilities as well as the risks to employee health and safety. These risk events may derive from several factors, including (but not limited to) unauthorized IT system access by a malicious intruder or other cyber security issues causing possible damage to systems, which in turn could lead to financial losses and supply disruptions. A systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs, the promotion of an active safety culture, adequate maintenance and competent personnel all play a central role in managing these hazard risks. In addition, Kemira has several insurance programs that protect the company against the financial impacts of hazard risks.

Kemira continuously monitors, assesses and upgrades its cyber security for workstations, customer equipment and cloud services and actively trains and educates its personnel on detecting and reporting on possible cyber security threats. Kemira's Board of Directors regularly reviews cyber security risks.

Kemira's operations rely on functional and up-to-date IT systems. Kemira successfully completed its group-wide enterprise resource planning system renewal during 2023, without any negative impact on Kemira's operations.

CHANGES IN CUSTOMER DEMAND

A significant, unforeseen decline in the use of certain chemicals (e.g. chemicals for packaging and board production) or in the demand for customers' products and operations could have a negative impact on Kemira's business. A significant decline in certain raw material and utility prices (e.g. oil, gas, and metals) may shift customers' activities towards areas where fewer chemicals are needed. Also, increasing awareness of and concern about climate change and more sustainable products may alter customer demand, for instance, in favor of water treatment technologies with lower chemical consumption. On the other hand, possible capacity expansion by customers could increase chemical consumption and could challenge Kemira's current production capacity.

In order to manage and mitigate this risk, Kemira systematically monitors leading 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 the Business Development, R&D and Sales units, in order to better understand the future needs and expectations of its customers. During 2023, Kemira's new Growth Accelerator unit has initiated the first projects intended to accelerate the commercialization of new, renewable solutions. Timely capital investments as well as continuous discussions and follow-ups with customers ensure Kemira's ability to respond to changes in demand. Kemira's geographical and customer industry diversification also provide partial protection against the risk of changed customer demands.

To respond to expected changes in customer requirements, Kemira has also revised its strategy to focus more on renewable solutions and has started several external partnerships in order to innovate and commercialize new renewable solutions for its customers. Renewable solutions are a significant component of Kemira's growth ambitions for the future. Kemira expects to invest in renewable solutions projects, the commercialization of which involves risks related to e.g. market demand.

ECONOMIC CONDITIONS AND GEOPOLITICAL CHANGES

Uncertainties in global economic and geopolitical development are considered to include direct and indirect risks, such as a lower-growth period in global GDP and possible, unexpected trade-related political decisions, both of which could have unfavorable impacts on the demand for Kemira's products. Certain political actions or changes, especially in countries that are important to Kemira, could cause business interference or other adverse consequences. Possible extended strikes in Finland could create near-term risks to customer demand or to Kemira's ability to run its operations. The ongoing war in Ukraine, sanctions against Russia as well as rising geopolitical tensions in the Middle East have increased uncertainty in the global economy. Possible trade or supply chain disruptions following geopolitical tensions in eastern Asia and the Middle East could also have an impact on Kemira's operations. Kemira sources materials, has several local manufacturing facilities and derives around 10% of its revenue from the APAC region. Kemira does not have meaningful operations in the Middle East but could be exposed to e.g. supply chain disruptions.

Weak economic development may bring about customer closures or consolidations, resulting in a diminishing customer base. The liquidity of Kemira's customers could weaken, resulting in increased credit losses for Kemira. Despite the increased economic uncertainty in 2023, Kemira did not see material credit losses. Unfavorable market conditions may also decrease the availability and add to the price risk of certain raw materials. Kemira's geographical and customer industry diversification only provides partial protection against these risks. Kemira continuously monitors geopolitical events and changes and aims to adjust its business accordingly. Trade war-related risks are also actively monitored and taken into account.

COMPETITION

Kemira operates in a rapidly changing and competitive business environment that 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 market dynamics and could possibly also change Kemira's market position.

Kemira is seeking growth in product categories that are less familiar and where new competitive situations prevail, particularly in renewable solutions. In the long term, completely new types of technology may considerably alter the current competitive situation. This risk is managed at both Group and segment levels, through continuous monitoring of markets and competitors. The company aims to respond to its competition through the active management of customer relationships and continuous development of its products and services, to further differentiate itself from competitors and to be competitive.

ACQUISITIONS

In addition to organic growth, acquisitions are a potential way to achieve corporate goals and strategies. Consolidations are driven by chemical manufacturers' interests in realizing synergies and establishing footholds in new markets. Acquisitions and/or partnerships may also be needed in order to enter totally new geographical markets or new product markets. However, the integration of acquired businesses, operations and personnel also involves risks. If integration is unsuccessful, the results may fall short of the targets for such acquisitions.

Kemira has created mergers and acquisitions procedures and has established Group-level resources dedicated to actively managing merger and acquisition activities and to supporting the execution of its business transactions. In addition, external advisory services are used to screen potential merger and acquisition targets.

INNOVATION AND RESEARCH & DEVELOPMENT

Kemira's research and development is a critical enabler of organic growth and further differentiation. 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. Furthermore, new product launches contribute to the efficiency and sustainability of Kemira's and its customers' processes, as well as to improved profitability. Failure to innovate or focus on disruptive new technologies and products, or to effectively commercialize new products or service concepts may result in the non-achievement of growth targets and may negatively impact Kemira's competitive situation.

Innovation- and R&D-related risks are managed through effective R&D portfolio management and close collaboration between R&D and the two business segments. There is close coordination and cooperation between the Business Development, R&D and the Sales and Marketing units in order to better understand the future needs and expectations of Kemira's customers. During 2023, Kemira's new Growth Accelerator unit initiated the first projects to accelerate the commercialization of new renewable solutions. With the continuous development of innovation processes, Kemira is aiming for more effective and stringent project execution. Kemira continues to focus on the development of more differentiated and sustainable products and processes and is also continuously monitoring the sales of its new products and applications.

CHANGES IN LAWS AND REGULATIONS

Kemira's business is subject to various laws and regulations which have a relevance in the development and implementation of Kemira's strategy. Laws and regulations can generally be considered an opportunity for Kemira, as where tightening regulation is expected to drive water treatment market growth, for example phosphorus removal of effluent before discharging to recipient. However, certain legislative initiatives supporting, for instance, the use of biodegradable raw materials or biological water treatment, or limiting the use of aluminum, may also have a negative impact on Kemira's business. Significant changes in chemical, environmental or transportation laws and regulations may also impact Kemira's profitability through an increase in production and transportation costs. At the same time, such changes may also create new business opportunities for Kemira. As an example, possible restrictions for plastic packaging would likely benefit the fiber-based packaging industry and therefore also Kemira. In addition, Kemira is actively following the European Commission's proposal for Packaging and Packaging Waste Regulations and its implications, particularly for disposable packaging.

Inclusion of new substances in the REACH authorization process may also place further requirements on Kemira, where failure to obtain the relevant authorization could impact Kemira's business. Certain legislative proposals, especially in Europe, such as the PFAS restriction proposed during 2023, may in the long-term result in additional requirements for managing Kemira's manufacturing assets. However, tightening PFAS regulation is also expected to drive the demand for water treatment applications. In addition, the changes in import/export and customs-related regulations create the need for monitoring and mastering global trade compliance, in order to ensure compliant product importation, for example.

Kemira continuously follows regulatory developments in order to maintain its awareness of proposed and upcoming changes to those laws and regulations that may have an impact, for instance, on its sales, production and product development needs. Kemira is actively collaborating with industry groups and other stakeholders and has established an internal process to manage substances of potential concern and to create management plans for them. These plans cover the options for replacing certain substances if they become subject to stricter regulation, for example. Kemira has also increased its focus and resources in the management of global trade compliance.

Regulatory effects are also systematically taken into consideration in strategic decision making. Kemira takes an active role in regulatory discussions whenever this is justified from the perspective of the industry or business. For example, there are currently many regulatory discussions ongoing in the EU, as the EU is conducting a major review of its water legislation and directives. This may have a positive demand-related impact for Kemira in the future, due to the need for water to be treated more carefully. The EU has launched several initiatives, such as the EU Chemicals Strategy for Sustainability (CSS) and the Fit-for-55 program as part of its Green Deal policy. Kemira is closely following these initiatives and their potential implications for the chemicals sector and for Kemira. We expect the first contours to become visible during 2024.

TALENT MANAGEMENT

To secure competitiveness and profitable growth, as well as to improve operational efficiency, it is essential to attract and to retain personnel with the right skills and competence. Kemira is continuously identifying people with high potential and the key competencies for future needs. Through the systematic development and improvement of compensation schemes, learning programs and career development programs, Kemira aims to ensure the continued presence of skilled personnel in the future.

CLIMATE-RELATED RISKS

Kemira has identified certain climate-related risks that could have an impact on Kemira's operations or on customer demand. Increased awareness of and concern about climate change and more sustainable products may, for example, change customer demand in favor of water treatment technologies with lower chemical consumption. Higher awareness of the impacts of climate change could lead to a more rapid transition to sustainable, fossil-free energy sources, which could lead to higher energy prices and subsequently impact the availability of energy. This could have a negative impact on Kemira as parts of Kemira's manufacturing operations are energy-intensive. A part of Kemira's raw materials are fossil-based. Kemira has taken action to increase the share of renewable and recyclable raw materials in its portfolio and to reduce reliance on oil and gas derivatives. Many of Kemira's customers, particularly in the Pulp & Paper segment, have ambitions to be carbon neutral, which will likely have implications for Kemira and on the chemicals used in the customers' processes. Extreme weather patterns related to climate change, such as hurricanes and floods, could also impact Kemira's supply chain and suppliers as well as Kemira's own manufacturing sites. Several climate-related risks are included in Kemira's enterprise risk management portfolio and active monitoring and mitigation planning continues. In 2023, Kemira continued efforts on climate risk scenario analysis, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. A climate risk assessment for Kemira's own manufacturing locations is planned for late 2023 and early 2024.

RISKS AND IMPACTS OF THE WAR IN UKRAINE

Following the war in Ukraine, Kemira exited Russia in May 2022. At the end of December 2023, Kemira's net assets in Russia amounted to around EUR 5 million and consisted mainly of cash and cash equivalents denominated in Russian roubles. Kemira is working to repatriate funds from Russia.

A detailed description of Kemira's risk management principles is available on the company's website at **kemira.com/investors**. Financial risks are described in the Notes to the Financial Statements for the year 2023.

Dividend policy and dividend distribution

On December 31, 2023, Kemira Oyj's distributable funds totaled EUR 713,680,177of which net profit for the period was EUR 104,191,302. No material changes have taken place in the company's financial position after the balance sheet statement date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 20, 2024 that a dividend of EUR 0.68 per share, totaling EUR 104 million, be paid on the basis of the adopted balance sheet for the financial year that ended on December 31, 2023. The dividend will be paid in two installments. The first installment, EUR 0.34 per share, will be paid to shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment: March 22, 2024. The Board of Directors proposes that the first installment of the dividend be paid out on April 4, 2024. The second installment, of EUR 0.34 per share, will be paid in November 2024. The second installment will be paid to shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment. The Board of Directors will decide the record date and the payment date for the second installment at its meeting in October 2024. The record date is planned for October 29, 2024, and the dividend payment date for November 5, 2024 at the earliest. Kemira's dividend policy is to pay a competitive dividend that increases over time.

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Changes in Kemira's Management Board

On **December 19, 2023**,Kemira announced that Antti Salminen was appointed as President and CEO, as of February 12, 2024.

On **August 1, 2023**, Kemira announced that President & CEO Jari Rosendal had passed away unexpectedly on July 31, after a short illness. On **July 18, 2023** Kemira announced that the Board of Directors and President & CEO Jari Rosendal had reached an agreement that he would leave his position in 2024 at the latest and that the Board of Directors would initiate a search for his successor. CFO Petri Castrén will act as Interim President & CEO until the new President & CEO starts in the position. On **July 11, 2023**, Kemira announced that President & CEO Jari Rosendal is on sick leave. Kemira Oyj's Group General Counsel, CEO's Deputy Jukka Hakkila assumed the duties of President & CEO in the period July 11, 2023 to July 17, 2023 until Petri Castrén was appointed as Interim President & CEO.

On **March 21, 2023**, Kemira announced that Tuija Pohjolainen-Hiltunen was appointed as President, Industry & Water segment, as of May 1, 2023.

On **February 1, 2023**, Kemira announced that Linus Hildebrandt was appointed as Executive Vice President, Strategy. He started on June 1, 2023.

Other events during the review period

PROPOSALS OF THE NOMINATION BOARD TO THE ANNUAL GENERAL MEETING 2024

On December 21, 2023, Kemira announced the proposals of the Nomination Board to the Annual General Meeting 2023.

The Nomination Board proposes to the Annual General Meeting of Kemira Oyj that eight members be elected to the Board of Directors and that the present members Tina Sejersgård Fanø, Werner Fuhrmann, Matti Kähkönen, Timo Lappalainen, Fernanda Lopes Larsen, Annika Paasikivi, Kristian Pullola and Mikael Staffas be re-elected as members of the Board of Directors. In addition, the Nomination Board proposes that Matti Kähkönen be re-elected as the Chair of the Board of Directors and that Annika Paasikivi be re-elected as the Vice Chair.

All the nominees have consented to the positions and are independent of the company's significant shareholders, with the exception of Annika Paasikivi. Annika Paasikivi is the President & CEO of Oras Invest Oy and Oras Invest Oy owns over 10% of Kemira Oyj's shares.

Regarding the selection procedure for the members of the Board of Directors, the Nomination Board recommends that shareholders take a position on the proposal as a whole at the Annual General Meeting. This recommendation is based on the fact that Kemira's shareholders' Nomination Board is separate from the Board of Directors, in line with a good Nordic governance model. The Nomination Board, in addition to ensuring that individual nominees for membership of the Board of Directors possess the required competences, is responsible for making sure that the proposed Board of Directors as a whole also has the best possible expertise and experience required by the company, that the diversity principles of the company will be met and that the composition of the Board of Directors meets the other requirements of the Finnish Corporate Governance Code for listed companies.

The Nomination Board proposes that the remuneration paid to the members of the Board of Directors will be increased as follows (current remuneration in parentheses): for the Chair EUR 125,000 per year (EUR 118,000), for the Vice Chair and the Chair of the Audit Committee EUR 70,000 per year (EUR 67,000), for the Chair of the Personnel and Remuneration Committee (if the person is not the Chair or Vice Chair of the Board of Directors) EUR 65,000 per year (new) and for the other members EUR 54,000 per year (EUR 52,000).

The Nomination Board proposes that the fee payable for each meeting of the Board of Directors and the Board Committees will be increased and will be paid based on the method of participation and the location of the meeting, as follows: participating remotely or in a meeting arranged in the member's country of residence EUR 750 (EUR 600), participating in a meeting arranged on the same continent as the member's country of residence EUR 1,500 (EUR 1,200) and participating in a meeting arranged on a different continent than the member's country of residence EUR 3,000 (EUR 2,400). Travel expenses are proposed to be paid in accordance with Kemira's travel policy.

In addition, the Nomination Board proposes 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 of the release of Kemira's interim report January 1–March 31, 2024. The meeting fees are proposed to be paid in cash.

The Nomination Board has consisted of the following representatives: Ville Kivelä, Chief Investment Officer of Oras Invest Oy as the Chair of the Nomination Board; Pauli Anttila, Investment Director, Solidium Oy; Lisa Beauvilain, Global Head of Sustainability & Stewardship, Executive Director, Impax Asset Management plc and Hanna Kaskela, Senior Vice President, Sustainability & Communications, Varma Mutual Pension Insurance Company as members of the Nomination Board and Matti Kähkönen, Chair of Kemira's Board of Directors as an expert member.

Acquisitions and divestments

On **December 4, 2023**, Kemira announced that it has signed an agreement to divest its Oil & Gas-related portfolio to Sterling Specialty Chemicals LLC, a US subsidiary of Artek Group, a global industrial chemicals group based in India.

On **May 5, 2023**, Kemira announced the closing of the divestment of most of its colorants business to ChromaScape.

On **January 25, 2023**, Kemira announced that it had acquired SimAnalytics, a Finnish process optimization start-up. Kemira invested in SimAnalytics in August 2021 and has now acquired the remainder of the business. The acquisition will support Kemira's ambition to grow in services, with data-driven predictive services and machine learning solutions.

Events after the review period

On **February 2, 2024**, Kemira announced that it had closed the divestment of its Oil & Gas related portfolio. Approximately 250 employees will transfer to the buyer as part of the transaction, which includes Kemira's manufacturing facilities in Mobile, Columbus and Aberdeen in the United States and the novel liquid polymer (NLP) manufacturing assets in Botlek, the Netherlands. The closing of the Teesport manufacturing facility in the United Kingdom is expected to happen later, subject to site-specific closing conditions.

Outlook for 2024

REVENUE

Kemira's revenue is expected to be between EUR 2,700 million and EUR 3,200 million in 2024 (reported 2023 revenue: EUR 3,383.7 million).

OPERATIVE EBITDA

Kemira's operative EBITDA is expected to be between EUR 480 and EUR 580 million in 2024 (reported 2023 operative EBITDA: EUR 666.7 million).

ASSUMPTIONS BEHIND THE OUTLOOK

Kemira's end-market demand (in volumes) is expected to grow slightly in 2024 following expected gradual demand recovery in the pulp & paper market. The water treatment market is expected to remain steady in 2024. Input costs are expected to remain rather stable during the year. The outlook assumes no major disruptions to Kemira's manufacturing operations, supply chain or to Kemira's energy-generating assets in Finland. Foreign exchange rates are expected to remain at approximately current levels. The outlook for 2024 includes the Oil & Gas business until February 2, 2024, the closing date of the divestment transaction.

Financial targets

Kemira aims for above-market revenue growth, with an operative EBITDA margin of 15–18%. The target for gearing is below 75%.

Helsinki, February 8, 2024

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. Actual results may differ materially from the expectations and beliefs contained in the statements.

Consolidated Income Statement

EUR million	Note	Year ended 31 December 2023	2022
Revenue	2.1.	3,383.7	3,569.6
Other operating income	2.2.	8.6	18.2
Operating expenses	2.2.	-2,852.3	-3,029.3
Share of the results of associates	6.2.	0.1	0.3
EBITDA		540.0	558.8
Depreciation, amortization and impairments	2.4.	-203.6	-211.2
Operating profit (EBIT)		336.4	347.6
Finance income	2.5.	12.7	4.8
Finance expenses	2.5.	-49.3	-42.3
Exchange differences	2.5.	-7.7	-1.9
Finance costs, net	2.5.	-44.4	-39.4
Profit before tax		292.0	308.2
Income taxes	2.6.	-80.7	-68.5
Net profit for the period		211.3	239.7
Net profit attributable to			
Equity owners of the parent company		199.1	231.7
Non-controlling interests	6.2.	12.2	8.0
Net profit for the period		211.3	239.7
Earnings per share for net profit attributable to the equity owners of the parent company, EUR			
Basic	2.7.	1.30	1.51
Diluted	2.7.	1.28	1.50

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Comprehensive Income

EUR million	Note	Year ended 31 December 2023	2022
Net profit for the period		211.3	239.7
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences in translating foreign operations		-16.9	17.5
Cash flow hedges		-54.1	39.2
Items that will not be reclassified subsequently to profit or loss			
Other shares		-61.3	98.6
Remeasurements of defined benefit plans		18.9	31.8
Other comprehensive income for the period, net of tax	2.8.	-113.4	187.1
Total comprehensive income for the period		97.9	426.7
Total comprehensive income attributable to			
Equity owners of the parent company		84.9	418.9
Non-controlling interests	6.2.	13.0	7.8
Total comprehensive income for the period		97.9	426.7

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 2.8. Other comprehensive income.

The above Consolidated Comprehensive Income should be read in conjunction with the accompanying notes.

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Consolidated Balance Sheet

		As at 31 December	
EUR million	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Goodwill	3.1.	480.9	510.5
Other intangible assets	3.2.	51.1	61.2
Property, plant and equipment	3.3.	939.6	1,080.2
Right-of-use assets	3.4.	123.0	146.0
Investments in associates	6.2.	4.8	5.1
Other shares	3.5.	305.4	383.3
Deferred tax assets	4.4.	31.8	27.1
Other financial assets	5.4.	7.9	31.0
Receivables of defined benefit plans	4.5.	106.3	78.4
Total non-current assets		2,050.9	2,322.8
CURRENT ASSETS			
Inventories	4.1.	281.8	433.7
Interest-bearing receivables	5.4.	0.3	0.3
Trade receivables and other receivables	4.2.	468.2	603.7
Current income tax assets		29.9	18.7
Cash and cash equivalents	5.4.	402.5	250.6
Total current assets		1,182.7	1,307.0
Assets classified as held-for-sale	3.7.	255.6	21.3
Total assets		3,489.3	3,651.1

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

		As at 31 December	
EUR million	Note	2023	2022
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity owners of the parent company			
Share capital		221.8	221.8
Share premium		257.9	257.9
Fair value and other reserves		163.4	278.8
Unrestricted equity reserve		196.3	196.3
Translation differences		-53.8	-36.0
Treasury shares		-11.6	-13.4
Retained earnings		890.9	764.5
Total equity attributable to equity owners of the parent company	5.2.	1,664.8	1,669.9
Non-controlling interests	6.2.	19.4	14.7
Total equity		1,684.2	1,684.6
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	5.3.	615.7	838.1
Other financial liabilities	5.4.	10.8	9.4
Deferred tax liabilities	4.4.	81.3	118.2
Liabilities of defined benefit plans	4.5.	69.8	66.9
Provisions	4.6.	37.8	38.4
Total non-current liabilities		815.4	1,070.9
CURRENT LIABILITIES			
Interest-bearing liabilities	5.3.	322.1	183.7
Trade payables and other liabilities	4.3.	489.4	635.2
Current income tax liabilities		56.6	57.2
Provisions	4.6.	16.9	18.8
Total current liabilities		884.9	894.9
Total liabilities		1,700.3	1,965.8
Liabilities classified as held-for-sale	3.7.	104.8	0.7
Total equity and liabilities		3,489.3	3,651.1

Consolidated Statement of Cash Flow

EUR million	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		211.3	239.7
Adjustments for			
Depreciation, amortization and impairments	2.4.	203.6	211.2
Income taxes	2.6.	80.7	68.5
Finance costs, net	2.5.	44.4	39.4
Share of the results of associates	6.2.	-0.1	-0.3
Gains and losses on sale of non-current assets		98.6	5.5
Other adjustments		2.1	23.8
Cash flow before change in net working capital		640.7	587.8
Change in net working capital			
Increase (-) / decrease (+) in inventories		97.6	-100.3
Increase (-) / decrease (+) in trade and other receivables		19.0	-95.1
Increase (+) / decrease (-) in trade payables and other liabilities		-101.7	93.7
Change in net working capital		14.9	-101.8
Cash flow from operations before financing items and taxes		655.6	486.0
Interests paid		-41.6	-35.1
Interests received		8.0	5.0
Other finance items, net		14.7	-22.1
Income taxes paid		-90.8	-33.5
Net cash generated from operating activities		546.0	400.3

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.

EUR million	Note	2023	2022
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of subsidiaries and asset acquisitions, net of cash acquired		-1.9	0.0
Capital expenditure in property, plant and equipment and intangible assets		-204.9	-197.9
Decrease (+) / increase (-) in loan receivables		0.4	0.8
Proceeds from sale of subsidiaries and businesses, net of cash disposed		9.0	0.0
Proceeds from sale of other shares		0.4	0.0
Proceeds from sale of property, plant and equipment, and intangible assets		0.2	19.1
Net cash used in investing activities		-196.7	-178.0
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current interest-bearing liabilities (+)	5.1.	0.2	195.9
Repayments of non-current interest-bearing liabilities (-)	5.1.	0.0	-202.8
Short-term financing, net increase (+) / decrease (-)	5.1.	-50.7	21.4
Repayments of lease liabilities		-37.3	-35.1
Dividends paid to equity owners of the parent company		-95.2	-88.9
Dividends paid to non-controlling interest		-8.3	-7.0
Net cash used in financing activities		-191.3	-116.4
Net increase (+) / decrease (-) in cash and cash equivalents		158.0	105.9
Cash and cash equivalents on Dec 31		402.5	250.6
Exchange gains (+) / losses (-) in cash and cash equivalents		-6.1	2.3
Cash and cash equivalents on Jan 1		250.6	142.4
Net increase (+) / decrease (-) in cash and cash equivalents		158.0	105.9

Consolidated Statement of Changes in Equity

	Equity attributable to equity owners of the parent company									
EUR million	**Share capital**	**Share premium**	**Fair value and other reserves**	**Unrestricted equity reserve**	**Exchange differences**	**Treasury shares**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity on January 1, 2023	221.8	257.9	278.8	196.3	-36.0	-13.4	764.5	1,669.9	14.7	1,684.6
Net profit for the period	—	—	—	—	—	—	199.1	199.1	12.2	211.3
Other shares	—	—	-61.3	—	—	—	—	-61.3	—	-61.3
Exchange differences in translating foreign operations	—	—	—	—	-17.8	—	—	-17.8	0.9	-16.9
Cash flow hedges	—	—	-54.1	—	—	—	—	-54.1	—	-54.1
Remeasurements of defined benefit plans	—	—	—	—	—	—	18.9	18.9	—	18.9
Total other comprehensive income	—	—	-115.5	—	-17.8	—	18.9	-114.3	0.9	-113.4
Total comprehensive income	—	—	-115.5	—	-17.8	—	218.1	84.9	13.0	97.9
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-95.2	-95.2	-8.3	-103.5
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	1.7	—	1.7	—	1.7
Treasury shares issued to the Board of Directors	—	—	—	—	—	0.1	—	0.1	—	0.1
Share-based payments	—	—	—	—	—	—	3.3	3.3	—	3.3
Transfers in equity	—	—	0.1	—	—	—	-0.1	0.0	—	0.0
Other items	—	—	—	—	—	—	0.2	0.2	—	0.2
Total transactions with owners	—	—	0.1	—	—	1.8	-91.8	-89.9	-8.3	-98.2
Equity on December 31, 2023	221.8	257.9	163.4	196.3	-53.8	-11.6	890.9	1,664.8	19.4	1,684.2

	Equity attributable to equity owners of the parent company									
EUR million	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity on January 1, 2022	221.8	257.9	140.9	196.3	-53.7	-14.9	580.5	1,328.8	13.9	1,342.7
Net profit for the period	—	—	—	—	—	—	231.7	231.7	8.0	239.7
Other shares	—	—	98.6	—	—	—	—	98.6	—	98.6
Exchange differences in translating foreign operations	—	—	—	—	17.7	—	—	17.7	-0.2	17.5
Cash flow hedges	—	—	39.2	—	—	—	—	39.2	—	39.2
Remeasurements of defined benefit plans	—	—	—	—	—	—	31.8	31.8	—	31.8
Total other comprehensive income	—	—	137.8	—	17.7	—	31.8	187.3	-0.2	187.1
Total comprehensive income	—	—	137.8	—	17.7	—	263.5	418.9	7.8	426.7
Transactions with owners										
Dividends paid	—	—	—	—	—	—	-88.9	-88.9	-7.0	-95.9
Treasury shares issued to the target group of a share-based incentive plan	—	—	—	—	—	1.5	—	1.5	—	1.5
Treasury shares issued to the Board of Directors	—	—	—	—	—	0.1	—	0.1	—	0.1
Treasury shares returned	—	—	—	—	—	0.0	—	0.0	—	0.0
Share-based payments	—	—	—	—	—	—	9.2	9.2	—	9.2
Transfers in equity	—	—	0.1	—	—	—	-0.1	0.0	—	0.0
Other items	—	—	—	—	—	—	0.4	0.4	—	0.4
Total transactions with owners	—	—	0.1	—	—	1.6	-79.4	-77.7	-7.0	-84.7
Equity on December 31, 2022	221.8	257.9	278.8	196.3	-36.0	-13.4	764.5	1,669.9	14.7	1,684.6

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Kemira

Notes to the Consolidated Financial Statements

1. The group's material accounting policies for the consolidated financial statements

GROUP PROFILE

Kemira Oyj is a Finnish public limited liability company, domiciled in Helsinki, and its registered address is Energiakatu 4, FI-00180 Helsinki, Finland. Kemira Oyj's shares are listed on Nasdaq Helsinki Oy. The parent company Kemira Oyj and its subsidiaries together form the Kemira Group. A list of subsidiaries is disclosed in Note 6.2.

Kemira is a global chemicals company serving customers in water-intensive industries. The company provides expertise in applications and chemicals that improve customers' efficient use of water, energy, and raw materials. Kemira's two segments, Pulp & Paper and Industry & Water, focus on customers in the pulp & paper and oil & gas, mining and water treatment industries, respectively.

The Board of Directors of Kemira Oyj has approved the Consolidated Financial Statements for publication at its meeting on February 8, 2024. Under the Finnish Limited Liability Companies Act, the General Meeting of Shareholders is entitled to decide on the adoption of the financial statements. A copy of the Consolidated Financial Statements is available at **www.kemira.com** or at Energiakatu 4, FI-00180 Helsinki, Finland.

In compliance with the reporting requirements of the European Single Electronic Format (ESEF), Kemira also publishes the Consolidated Financial Statements and the Board of Directors' report as an xHTML file, which is available at **www.kemira.com**.

BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared its Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, adopted by the European Union. The Consolidated Financial Statements have been prepared in accordance with IFRS standards and IFRIC Interpretations effective on December 31, 2023. The Notes to the Consolidated Financial Statements also comply with the requirements of the Finnish accounting and corporate legislation that supplement the IFRS regulations.

The Consolidated Financial Statements are presented in EUR million and have been prepared based on historical cost, except for the items measured at fair value through other comprehensive income including unlisted PVO/TVO shares, financial assets and liabilities at fair value through profit or loss, and share-based payments which are measured at fair value.

Individual figures presented in the Consolidated Financial Statements have been rounded to the nearest exact figure. Therefore, the sum of the individual figures may deviate from the sum figure presented in the Consolidated Financial Statements. The key figures are calculated using exact values.

NEW, AMENDED IFRS STANDARDS AND IFRIC INTERPRETATIONS INTO EFFECT IN 2023

The Group has applied the following standards and amendments for the first time to its annual reporting period commencing January 1, 2023:

- Amendments to the standard IAS 12, Income taxes: Deferred taxes related to assets and liabilities arising from a single transaction. As a result of the amendments, deferred taxes have also been recognized in connection with initial recognition of the leases for new lease contracts (Note 4.4. Deferred tax liabilities and assets).
- Amendments to the standard IAS 1, Presentation of financial statements: Disclosure of accounting policies. The amendment clarifies in which situations the accounting policy is material and it must be disclosed. The amendment did not have any significant impact on the Consolidated Financial Statements.
- Amendments to the standard IAS 8, Accounting policies, changes and errors in accounting estimates: Definition of accounting estimates. The amendment clarifies the definition and application of the accounting estimates. The amendments did not have any significant impact on the Consolidated Financial Statements.
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules. Pillar Two Model Rules will come into effect in Finland by 1 January 2024 with a legislation implementing a Council Directive ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups (Pillar Two). The amendment to IAS 12 requires to disclose that the exception

on recognizing and disclosing information about deferred tax assets and liabilities that are related to the Pillar Two income taxes has been applied. Kemira has applied the exception provided in IAS12, and it has not recognized or disclosed information on deferred tax assets or liabilities related to Pillar Two income taxes. It is not expected that Pillar Two has an impact on the amount of the Group's income taxes.

NEW, AMENDED IFRS STANDARDS AND IFRIC INTERPRETATIONS NOT YET ADOPTED

- Amendments to the standard IAS 1, Classification of liabilities into current and non-current. The amendments clarify how to classify debts as current or non-current when the entity has the right to postpone the payment of the debt for at least 12 months.
- Amendments to IFRS 16 Leases: Lease Liability in Sale and Leaseback. The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements. The amendment provides additional disclosures about supplier finance arrangements that enables investors to assess the effects on a company's liabilities, cash flow, and exposure to liquidity risk.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. The amendment provides guidance for identifying a situation where a currency cannot be considered freely exchangeable and guides in these situations to take this into account in the exchange rate used in reporting and provide additional information on the matter.

New IFRS standards, amendments to standards and IFRIC interpretations effective on or after January 1, 2024 are not expected to have a material impact on the Group.

CONSOLIDATION PRINCIPLES OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

The Consolidated Financial Statements include the parent company Kemira Oyj and its subsidiaries. Subsidiaries are all entities that the Group has control over (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 when it 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 on which this control ceases.

All intra-group transactions are eliminated when preparing the Consolidated Financial Statements. Intra-group shareholdings are eliminated using the acquisition method. The consideration transferred for acquisition of a subsidiary is defined as an aggregate of the fair values of the assets transferred, the liabilities assumed, and the equity interest issued by the Group. The consideration transferred may include the fair value of any asset or liability resulting from the contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities that are assumed in a business combination are measured at their fair values on 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 the 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 recognized as goodwill in the Balance Sheet. If this is less than the fair value of the net assets of the subsidiary acquired by 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 the equity to the equity holders of the parent company. Total comprehensive income shows separately the total amounts attributable to the equity holders of the parent company and to non-controlling interests. The Group recognizes negative non-controlling interests, unless the non-controlling interest does not have a binding obligation to cover the losses up to the amount of their investment.

If the parent company's ownership interest in the subsidiary is reduced but control is retained, then 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 at its fair value, and the difference is recognized as profit or loss.

ASSOCIATES

Associated companies are companies over which the Group exercises significant influence (voting rights generally being 20–50 percent), but does not control. Holdings in associated companies are consolidated using the equity method. If the

Group's share of the associate's losses exceeds the carrying amount of the investment, the exceeding losses will not be consolidated unless the Group has a commitment to fulfill the 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 in operating profit, in proportion to the Group's holdings. The Group's share of the movements of its associates in other comprehensive income is recognized in the Group's other comprehensive income.

FOREIGN CURRENCY TRANSLATION

The Consolidated Financial Statements are presented in euros, which is the Group's presentation currency and the parent company's functional and presentation currency. 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).

If the functional currency of the subsidiary is other than the euro, its Income Statement is translated into euros 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. Translating the net profit for the period using different exchange rates in the Income Statement and in the balance sheet causes a translation difference recognized as equity on 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 are translated into euros at the rate quoted on the balance sheet date.

Translation differences in the loans granted to some foreign subsidiaries 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 the gain or loss on the 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. Non-monetary items are measured 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 finance income and expenses.

THE ITEMS IN THE FINANCIAL STATEMENTS THAT INCLUDE ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES THAT REQUIRE JUDGMENT BY THE MANAGEMENT

When preparing Consolidated Financial Statements in accordance with IFRS, the management is required to make accounting estimates and assumptions concerning the future. The resulting accounting estimate will seldom be equal to the actual results. In addition, management is required to exercise judgment when applying the accounting policies.

Estimates and assumptions are continuously evaluated, and are based on past experience and expectations of future events that may have financial implications and are considered to be reasonable under the circumstances.

The following table lists items in the financial statements that include significant accounting estimates and includes the notes related to them. Also included are the accounting policies and the sensitivity analysis applied to the items. The items that include accounting estimates are subject to a risk of changes in the carrying amount of assets and liabilities during the next financial period.

The items in the Financial Statements	Note in the Financial Statements
Goodwill	3.1. Goodwill
Fair value of shares in the PVO Group	3.5. Other shares
Deferred taxes and uncertain tax positions	2.6. Income taxes and 4.4. Deferred tax liabilities and assets
Defined benefit pension plans	4.5. Defined benefit pension plans and employee benefits
Provisions	4.6. Provisions

EFFECTS OF THE UKRAINE WAR ON THE FINANCIAL STATEMENTS

Following the war in Ukraine, Kemira exited Russia in May 2022. At the end of December 2023, Kemira's net assets in Russia amounted to around EUR 5 million and consisted mainly of cash and cash equivalents denominated in Russian roubles. Kemira is working to repatriate funds from Russia.

EFFECTS OF CLIMATE-RELATED MATTERS IN FINANCIAL STATEMENTS

Sustainability is a key driver of Kemira's profitable growth strategy. Sustainability at Kemira focuses on five topics: safety, people, circularity, water, and climate. Kemira's ambition is to be carbon neutral by 2045.

Climate-related matters have an impact in several areas of Kemira's Consolidated Financial Statements. As a chemicals company operating in an energy-intensive industry, Kemira has two Power Purchase Agreements in wind power and an ownership in Pohjolan Voima Oyj and Teollisuuden Voima Oyj (Note 3.5 Other Shares) producing CO_2-free electricity with nuclear and hydro power plants in Finland. CO_2-emissions and energy efficiency matters are considered in capital investments, thus also affecting non-current assets (Note 3.3 Property, Plant and Equipment) as well as future cash flow forecasts used in goodwill impairment testing (Note 3.1 Goodwill). Kemira has a partnership with Danimer Scientific Inc. to develop fully biobased barrier coatings for paper and board products, generating intangible assets (Note 3.2 Other Intangible Assets).

In addition, Kemira has an undrawn revolving credit facility of EUR 400 million with sustainability targets (Note 5.5 Management of Financial Risk). Kemira's long-term incentive programs for years 2023–2025 and 2024–2026 also include climate-related targets in the KPIs measured.

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2. Financial performance

2.1 SEGMENT INFORMATION

Kemira's organization consists of two segments: Pulp & Paper and Industry & Water.

Pulp & Paper

Pulp & Paper has expertise in applying chemicals and supporting pulp and paper producers in innovating and constantly improving their operational efficiency. The segment develops and sells products to meet the needs of its customers, thus ensuring a leading portfolio of products and services for the paper wet-end, focusing on packaging and board as well as tissue products.

Industry & Water

Industry & Water supports municipalities and water intensive industries in the efficient and sustainable utilization of resources. In water treatment, the segment helps in the optimization of every stage of the water cycle. In the oil and gas industry, the segment helps to improve yield from existing reserves and reduce water and energy use.

ALTERNATIVE PERFORMANCE MEASURES

Kemira provides certain financial performance measures (alternative performance measures) that are not defined by IFRS. Kemira believes that alternative performance measures followed by capital markets and Kemira management, such as revenue growth in local currencies, excluding acquisitions and divestments (=organic growth), EBITDA, operative EBITDA, operative EBIT, cash flow after investing activities and gearing provide useful information about Kemira's comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation from the equivalent IFRS measures and should instead be read in conjunction with the most directly comparable IFRS measures. Definitions of the key figures is disclosed in the section Definitions of key figures.

INCOME STATEMENT ITEMS

2023, EUR million	Pulp & Paper	Industry & Water	Group
Revenue [1]	1,748.2	1,635.5	3,383.7
EBITDA [2]	308.0	232.0	540.0
Depreciation, amortization and impairments	-114.6	-89.0	-203.6
Share of the results of associates	0.1	0.0	0.1
Operating profit (EBIT) [2]	193.4	143.0	336.4
Finance costs, net			-44.4
Profit before tax			292.0
Income taxes			-80.7
Net profit for the period			211.3

1) Revenue consists mainly of sales of products to external customers, and there is no internal sales between the segments.

2) Includes items affecting comparability.

ITEMS AFFECTING COMPARABILITY IN EBITDA AND EBIT

2023, EUR million	Pulp & Paper	Industry & Water	Group
Operative EBITDA	330.9	335.8	666.7
Restructuring and streamlining programs			-0.9
Transaction and integration expenses in acquisitions			-0.2
Divestment of businesses and other disposals			-125.9
Other items			0.4
Total items affecting comparability	-22.9	-103.7	-126.7
EBITDA	308.0	232.0	540.0
Operative EBIT	216.3	246.7	463.0
Items affecting comparability in EBITDA	-22.9	-103.7	-126.7
Items affecting comparability in depreciation, amortization and impairments	0.0	0.0	0.0
Operating profit (EBIT)	193.4	143.0	336.4

Quarterly information on items affecting comparability is disclosed in the section on Reconciliation of IFRS figures.

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BALANCE SHEET ITEMS

2023, EUR million	Pulp & Paper	Industry & Water	Group
Segment assets	1,539.6	791.2	2,330.8
Reconciliation to total assets as reported in the Group balance sheet:			
Other shares			305.4
Deferred income tax assets			31.8
Other investments			7.9
Defined benefit pension receivables			106.3
Other assets			304.5
Cash and cash equivalents			402.5
Assets classified as held-for-sale			255.6
Total assets			3,489.3
Segment liabilities	276.6	175.8	452.4
Reconciliation to total liabilities as reported in the Group balance sheet:			
Interest-bearing non-current financial liabilities			615.7
Interest-bearing current financial liabilities			322.1
Other liabilities			308.1
Liabilities classified as held-for-sale			104.8
Total liabilities			1,805.1

OTHER ITEMS

2023, EUR million	Pulp & Paper	Industry & Water	Group
Capital employed by segments on Dec 31	1,263.0	615.4	1,878.4
Capital employed by segments [1]	1,282.0	873.5	2,155.5
Operative ROCE, %	16.9	28.2	21.5
Capital expenditure	126.2	80.5	206.8
Cash flow after investing activities [2]	216.3	242.5	349.3

1) 12-month rolling average.
2) Cash flows related to financing items and taxes have not been addressed to segments.

INCOME STATEMENT ITEMS

2022, EUR million	Pulp & Paper	Industry & Water	Group
Revenue [1]	2,027.7	1,541.9	3,569.6
EBITDA [2]	336.6	222.2	558.8
Depreciation, amortization and impairments [2]	-123.5	-87.8	-211.2
Share of the results of associates	0.3	0.0	0.3
Operating profit (EBIT) [2]	213.1	134.5	347.6
Finance costs, net			-39.4
Profit before tax			308.2
Income taxes			-68.5
Net profit for the period			239.7

1) Revenue consists mainly of sales of products to external customers, and there is no internal sales between the segments.
2) Includes items affecting comparability.

ITEMS AFFECTING COMPARABILITY IN EBITDA AND EBIT

2022, EUR million	Pulp & Paper	Industry & Water	Group
Operative EBITDA	348.0	223.7	571.6
Restructuring and streamlining programs			-4.5
Transaction and integration expenses in acquisitions			0.0
Divestment of businesses and other disposals			-4.6
Other items			-3.6
Total items affecting comparability	-11.4	-1.4	-12.8
EBITDA	336.6	222.2	558.8
Operative EBIT	225.7	135.9	361.6
Items affecting comparability in EBITDA	-11.4	-1.4	-12.8
Items affecting comparability in depreciation, amortization and impairments	-1.2	0.0	-1.2
Operating profit (EBIT)	213.1	134.5	347.6

Quarterly information on items affecting comparability is disclosed in the section Reconciliation of IFRS figures.

BALANCE SHEET ITEMS

2022, EUR million	Pulp & Paper	Industry & Water	Group
Segment assets	1,629.4	1,139.8	2,769.2
Reconciliation to total assets as reported in the Group balance sheet:			
Other shares			383.3
Deferred income tax assets			27.1
Other investments			31.0
Defined benefit pension receivables			78.4
Other assets			111.5
Cash and cash equivalents			250.6
Assets classified as held-for-sale			21.3
Total assets			3,651.1
Segment liabilities	354.9	249.0	603.9
Reconciliation to total liabilities as reported in the Group balance sheet:			
Interest-bearing non-current financial liabilities			838.1
Interest-bearing current financial liabilities			183.7
Other liabilities			340.1
Liabilities classified as held-for-sale			0.7
Total liabilities			1,966.5

OTHER ITEMS

2022, EUR million	Pulp & Paper	Industry & Water	Group
Capital employed by segments on Dec 31	1,274.6	890.8	2,165.3
Capital employed by segments [1)]	1,337.7	900.3	2,238.0
Operative ROCE, %	16.9	15.1	16.2
Capital expenditure	122.5	75.4	197.9
Cash flow after investing activities [2)]	207.2	100.9	222.3

1) 12-month rolling average.
2) Cash flows related to financing items and taxes have not been addressed to segments.

INFORMATION ABOUT GEOGRAPHICAL AREAS: REVENUE BY GEOGRAPHICAL AREA BASED ON CUSTOMER LOCATION

EUR million	2023	2022
Finland, domicile of the parent company	448.1	546.5
Other Europe, Middle East and Africa	1,171.9	1,286.0
Americas	1,458.8	1,413.6
Asia Pacific	304.9	323.5
Total	3,383.7	3,569.6

NON-CURRENT ASSETS BY GEOGRAPHICAL AREA

EUR million	2023	2022
Finland, domicile of the parent company	821.9	918.9
Other Europe, Middle East and Africa	441.7	499.0
Americas	483.2	619.7
Asia Pacific	166.0	179.7
Total	1,912.8	2,217.3

Information about major customers

The Group has several significant customers. No more than 10% of the Group's revenue was accumulated from any single external customer in 2023 or 2022.

The Group's accounting policies

Segment reporting

Segment information is presented in a manner consistent with the Group's internal organizational and reporting structure. Kemira's management evaluates the performance of the segments based on operative EBITDA and operative EBIT, among other factors. 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, right-of-use assets, investments in associates, inventories, and certain current non-interest-bearing receivables. Segment liabilities include certain current non-interest-bearing liabilities. Geographically, Kemira's operations are divided into three business regions: Europe, the Middle East and Africa (EMEA), the Americas and the Asia Pacific (APAC).

Revenue recognition

IFRS 15 standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers to an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the good or service underlying the particular performance obligation is transferred to the customer.

The Group's revenue consists mainly of contract types that include sales of chemical products as well as services and equipment which are related to sales of these chemical products. In 2023 and 2022, services have not formed a significant part of the Group's revenue.

Revenue recognition occurs at the point when the control of the products is transferred to the customer. Generally, in the Group's sales agreements, control is transferred to the customer based on delivery terms and the revenue is recognized at a point in time.

The Group provides delivery and handling services in conjunction with the sale of chemical products to customers. The delivery and handling services are recognized at the same time as revenue from products and are not treated as a separate performance obligation. Kemira recognizes the sale of products and the delivery and handling services for the same reporting period.

Discounts provided to customers are not a significant component of the sales price in Kemira's sales contracts.

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2.2 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

EUR million	2023	2022
Gains on the sale of non-current assets [1]	0.1	10.8
Rental income	0.7	0.6
Services	3.1	2.0
Other income from operations [2]	4.8	4.8
Total	8.6	18.2

1) In 2022, gains on the sale of non-current assets relate mainly to sold assets in Uruguay.

2) Other income from operations consists mainly of insurance compensations in 2023 and of indirect tax credits in Brazil in 2022.

OPERATING EXPENSES

EUR million	2023	2022
Materials and supplies [3]	1,754.2	2,033.0
Employee benefit expenses	440.8	428.9
External services and other expenses [4] [5]	440.5	332.0
Freights and delivery expenses	216.9	235.4
Total	2,852.3	3,029.3

3) In 2023, materials and supplies included EUR 7.1 million (5.7) Government grants for energy intensive industry in several European countries.

4) Includes equipment costs, travel expenses, leases, office related expenses, insurance, consulting, and other operational expenses. Other expenses in 2023 include EUR 101.2 million expected loss on divestment of the Oil & Gas business, including transaction fees. Kemira completed the divestment in February 2024.

5) In 2023, other operating expenses included research and development expenses of EUR 34.2 million (32.8) including government grants received. Government grants received for R&D were EUR 0.6 million (0.6). The extent of the grants received reduces the research and development expenses.

EMPLOYEE BENEFIT EXPENSES

EUR million	Note	2023	2022
Wages, salaries and emoluments			
Wages and salaries [6]		330.4	323.2
Share-based payments	2.3.	13.1	16.0
Total		343.5	339.2
Indirect employee benefit expenses			
Expenses for defined benefit pension plans and employee benefits	4.5.	2.0	2.3
Pension expenses for defined contribution plans		34.9	29.8
Other employee benefit costs		60.4	57.6
Total		97.3	89.7
Total employee benefit expenses		440.8	428.9

6) Includes emoluments of Kemira Oyj's CEO and the Board of Directors.

The salaries and fees of Kemira Oyj's CEO and members of the Board of Directors are disclosed in Note 6.1.

NUMBER OF PERSONNEL

	2023	2022
Average number of personnel by geographical area		
Europe, Middle East and Africa	2,512	2,497
Americas	1,506	1,513
Asia Pacific	928	925
Total	4,946	4,936
Personnel in Finland, average	806	780
Personnel outside Finland, average	4,140	4,156
Total	4,946	4,936
Number of personnel on Dec 31	4,915	4,902

AUDITOR'S FEES AND SERVICES

EUR million	2023	2022
Audit fees	1.8	1.6
Tax services	0.1	0.3
Other services	0.1	0.1
Total	2.0	1.9

Ernst & Young Oy is acting as the principal auditor for Kemira Group.

The Group's accounting policies

Government grants

Government grants for investments are recognized as a deduction from the carrying amount of PP&E. The grants are recognized in the income statement as smaller depreciation over the asset's useful life. Government grants for research activities are recognized as a deduction from expenses. Certain other grants are recognized either as a deduction from expenses or as other income from operations.

Research and developments costs

Research and development costs are recognized as an expense as incurred. Development costs are capitalized as intangible assets when it can be shown that a development project will generate a probable future economic benefit, and the costs attributable to the development project can reliably be measured. Capitalized development costs include material, labor, and testing costs, as well as 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.

2.3 SHARE-BASED PAYMENTS

Share incentive plans 2019–2023

In December 2018, Kemira's Board of Directors of Kemira Oyj decided to establish a long-term incentive plan for 2019–2023. Kemira has a long-term share incentive plan directed towards a group of key employees, which is composed of two one-year performance periods for the years 2019 and 2020, and three three-year performance periods for the years 2019–2021, 2020–2022 and 2021–2023.The Board has decided on the plan's performance criteria and the targets for each criterion at the beginning of each performance period.

The rewards for the performance periods have been paid partly in Kemira Oyj's shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward has been paid if a participant's employment or service has ended before the reward payment. The shares paid as a reward may not be transferred during the restriction period, which ends two years after the end of the performance period. If a participant's employment or service has ended during the restriction period, the participant has, as a rule, gratuitously returned the shares given as a reward without consideration. The restriction period only applies to the one-year performance period.

Share incentive plans 2022–2026

In December 2021, the Board of Directors of Kemira Oyj decided to establish a long-term share incentive plan directed to a group of key employees in Kemira. The long-term share incentive plan includes three three-year performance periods: years 2022–2024, 2023–2025 and 2024–2026. The Board shall decide on the plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The Board shall decide on the plan's participants and share allocations at the beginning of each performance period.

The potential reward is paid partly in Kemira Oyj's shares and partly in cash. The cash portion covers 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.

Share incentive plan	2020	2020–2022	2021–2023	2022–2024	2023–2025
Performance period (calendar year)	2020	2020–2022	2021–2023	2022–2024	2023–2025
Restriction period of shares	2 years	1)	1)	1)	1)
Issue year of shares	2021	2023	2024	2025	2026
Share price at the grant date	13.41	13.41	12.57	13.32	14.58
Number of transferred shares from the plans	194,097	254,375	—	—	—
Estimated number of shares on December 31, 2023	—	—	492,637	510,950	532,209
Number of participants on December 31, 2023	—	—	82	86	84
Performance criteria	Intrinsic value 2)	Intrinsic value 2) and organic growth-%	Intrinsic value 2) and organic growth-%	Intrinsic value 2) and organic growth-%	3)

1) A restriction period is not applied to three-year performance periods.
2) The amount of the reward is based on the intrinsic value which is defined as follows: operative EBITDA * 8 - net debt.
3) ROCE-%, average organic revenue growth-%, Kemira CO_2 emission reduction from Scope 1 & 2 and revenue growth of renewable products.

Share incentive plan 2024–2026

Participation in the long-term share incentive plan's performance period 2024–2026 is directed to approximately 90 people. The reward to be paid from the 2024–2026 performance period, if the criteria are fulfilled, will amount up to a maximum of 630,000 Kemira Oyj shares. In addition, a cash proportion covering the taxes and tax-related costs arising from the reward is included.

Restricted Share Plan 2024

In December 2023, the Board of Directors of Kemira Oyj decided to establish a restricted share plan. In particular, the Restricted Share Plan can be used as a commitment instrument in specific executive recruitment situations. The terms allow the plan to be used with careful consideration also in retention situations.

The restricted share plan is continuous. The Board approves for each calendar year an annual quota of shares, which can be granted within the respective year under the RSP. The annual quota shall mean a net number of shares together with a cash proportion required for covering all taxes. The total amount of shares offered during the year cannot exceed the respective quota approved by the Board.

The plan offers participants an opportunity to receive a predetermined number of company shares after a specific restriction period, which can vary from twelve (12) to forty (40) months with a decision by the Board of Directors. No earning criteria is applied to the restricted share plan and the delivery of the share reward is subject to the continuation of the employment.

The maximum aggregated amount of shares that may be granted under the Restricted Share Plan in year 2024 is 70,000 Kemira shares. In addition, a cash proportion intended to cover the taxes and tax-related costs arising from the reward is included. No persons were under the plan during 2023.

THE EFFECT OF SHARE-BASED PAYMENTS ON OPERATING PROFIT

EUR million	Note	2023	2022
Rewards provided in shares		5.9	7.4
Rewards provided in cash		7.1	8.6
Total	2.2.	13.1	16.0

The Group's accounting policies

Share-based payments

The Group has equity-settled share-based incentive plans under which the Group receives services from persons as consideration for the share-based rewards. The potential rewards for these services are provided to the person partly in shares and partly in cash. The Group's share incentive plan includes persons in several different countries where the Group is obliged under local tax laws or regulations to pay the tax liability to the tax authorities on behalf of a person in cash. The Group's share-based incentive plans have been entirely classified as an equity-settled transaction.

The rewards granted on the basis of a share-based arrangement are recognized as personnel expenses in the income statement and in equity. The expense is recognized on a straight-line basis over the vesting period, which is the period over which the specified vesting conditions are to be satisfied.

The fair value of the share awards has been determined at the grant date minus the estimated expected dividends that will not be received during the vesting period. The fair value of the rewards is based on the Group's estimate of the number of shares to which the right is expected to be vested at the end of the vesting period. An estimate of the number of shares is reviewed at each balance sheet date. The potential effect of revisions to estimates is recognized as a personnel expense in the income statement, with the corresponding fair value adjustment made to equity.

2.4 DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

EUR million	2023	2022
Amortization of intangible assets and depreciation of property, plant and equipment		
Other intangible assets [1]	19.0	21.0
Buildings and constructions	23.8	23.3
Machinery and equipment	116.3	123.0
Other tangible assets	6.4	6.3
Total	165.5	173.6
Depreciations of right-of-use assets		
Land	1.6	1.7
Buildings and constructions	10.3	10.2
Machinery and equipment	25.6	24.0
Other tangible assets	0.6	0.8
Total	38.1	36.7
Impairments of intangible assets and property, plant and equipment [2]		
Goodwill	0.0	0.0
Buildings and constructions	0.0	0.1
Machinery and equipment	0.0	0.9
Other tangible assets	0.0	0.0
Total	0.0	1.0
Total depreciation, amortization and impairments	203.6	211.2

1) Amortization of intangible assets related to business acquisitions amounted to EUR 6.9 million (9.4) during the financial year 2023.

2) In 2022, the impairment losses are related to Kemira's exit from the Russian market due to the war in Ukraine.

Goodwill impairment tests are disclosed in Note 3.1. Goodwill.

The Group's accounting policies

Depreciation/amortization

Depreciation/amortization is calculated on a straight-line basis over the asset's estimated useful life. Land is not depreciated. The most commonly applied depreciation/amortization periods according to the Group's accounting policies are presented in the following table.

Depreciation of property, plant and equipment and amortization of intangible assets in years	
Buildings and constructions	20–40
Machinery and equipment	3–15
Development costs	a maximum of 8 years
Customer relationships	5–7
Technologies	5–10
Non-compete agreements	3–5
Other intangible assets	5–10
Right-of-use assets	during a lease term

Depreciation/amortization of an asset begins when it is available for use and it ceases at the moment when the asset is classified under IFRS 5 as held for sale, or is included in the disposal group.

2.5 FINANCE INCOME AND EXPENSES

EUR million	2023	2022
Finance income		
Dividend income	0.0	0.0
Interest income		
Interest income from loans and receivables	10.3	3.5
Interest income from financial assets at fair value through profit or loss	2.3	1.1
Other finance income	0.1	0.2
Total	12.7	4.8
Finance expense		
Interest expenses		
Interest expenses from other liabilities	-32.9	-23.5
Interest expenses from financial liabilities at fair value through profit or loss	-4.2	-6.6
Interest expenses from lease liabilities	-7.8	-7.1
Other finance expenses [1]	-4.5	-5.1
Total	-49.3	-42.3
Exchange differences		
Exchange differences from financial assets and liabilities at fair value through profit or loss	16.6	-22.2
Exchange differences, other	-24.4	20.2
Total	-7.7	-1.9
Total finance income and expenses	-44.4	-39.4
Net finance expenses as a percentage of revenue, %	1.3	1.1
Net interest as a percentage of revenue, %	1.0	0.9

EUR million	2023	2022
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]	-54.1	39.2
Total	-54.1	39.2
Exchange differences		
Realized	13.2	20.0
Unrealized	-20.9	-21.9
Total	-7.7	-1.9

1) Includes EUR 1.2 million (1.8) of arrangement fees relating to loans in 2023.
2) Consists mostly from changes in fair value of derivatives under hedge accounting treatment.

2.6 INCOME TAXES

EUR million	2023	2022
Current taxes	-87.3	-72.6
Taxes for prior years	2.6	-2.0
Change in deferred taxes	4.1	6.1
Total	-80.7	-68.5

RECONCILIATION BETWEEN TAX EXPENSE AND TAX CALCULATED AT DOMESTIC TAX RATE

EUR million	2023	2022
Profit before tax	292.0	308.2
Tax at parent company's tax rate 20%	-58.4	-61.6
Foreign subsidiaries' different tax rate	-8.0	-4.5
Non-deductible expenses and tax-exempt profits	-30.8	1.6
Share of profit or loss of associates	-0.1	-0.1
Tax losses during the period without deferred tax	-1.3	-1.8
Tax for prior years	2.6	-2.0
Effect of change in tax rates	-0.1	0.0
Utilization of prior years' tax losses with no deferred tax	1.0	1.2
Changes in deferred taxes	14.4	-1.3
Income taxes in the Income Statement	-80.7	-68.5

In 2023, the effective tax rate of the Group was 27.6% (22.2%), which was impacted by the divestment of the Oil & Gas business.

TAX LOSSES AND RELATED DEFERRED TAXES

	Tax losses carried forward		Recognized deferred taxes		Unrecognized deferred taxes	
EUR million	2023	2022	2023	2022	2023	2022
Expiry within 5 years	42.6	67.6	7.9	9.1	2.2	7.3
Expiry after 5 years	2.5	3.7	0.6	0.2	0.0	0.8
No expiry	52.5	119.0	9.2	12.0	7.5	24.4
Total	97.6	190.3	17.7	21.3	9.7	32.4

At the end of 2023, the subsidiaries had EUR 31.1 million (105.4) tax losses, of which no deferred tax benefits have been recognized. The subsidiaries' tax losses are incurred in different currencies and born mainly in China. The changes during the year 2023 relate mainly to the mergers in Brazil and utilization of unrecognized deferred taxes in the USA and Brazil.

The Group's accounting policies

Income taxes

The Group's tax expense for the period comprises current tax, adjustments from prior tax periods and deferred tax. Tax is recognized in the income statement, except where 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 on the balance sheet date in the countries where the parent company and its subsidiaries and associated companies operate and generate taxable income.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Deferred taxes and uncertain tax positions

The management regularly evaluates the positions taken in the tax returns to identify situations where the applicable tax regulation may be subject to interpretation. The management evaluates also other potential uncertainties related to the tax positions identified in the tax audits or tax disputes. Taxes of uncertain tax positions are recognized based on estimated outcome and probability.

2.7 EARNINGS PER SHARE

	2023	2022
Earnings per share, basic		
Net profit attributable to equity owners of the parent company, EUR million	199.1	231.7
Weighted average number of shares [1]	153,573,071	153,319,710
Basic earnings per share, EUR	1.30	1.51
Earnings per share, diluted		
Net profit attributable to equity owners of the parent company, EUR million	199.1	231.7
Weighted average number of shares [1]	153,573,071	153,319,710
Adjustments:		
Average number of treasury shares it is possible to be issued on the basis of the share-based payments	1,478,009	941,054
Weighted average number of shares for diluted earnings per share	155,051,080	154,260,764
Diluted earnings per share, EUR	1.28	1.50

1) Weighted average number of shares outstanding, excluding the number of treasury shares held by Kemira Oyj.

The Group's accounting policies

Earnings per share

The basic earnings per share are calculated by dividing the profit attributable to the equity owners of the parent company by the weighted average number of shares issued during the period excluding treasury shares held by parent company Kemira Oyj. The diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares with the dilutive effect of all the potential dilutive shares, such as shares from share-based payments.

2.8 OTHER COMPREHENSIVE INCOME

EUR million	2023	2022
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	-17.5	19.7
Cash flow hedges	-67.7	50.4
Items that will not be reclassified subsequently to profit or loss		
Other shares	-76.7	123.2
Remeasurements of defined benefit plans	23.3	40.8
Other comprehensive income for the period before taxes	-138.7	234.1
Tax effects relating to components of other comprehensive income	25.1	-47.1
Other comprehensive income for the period, net of tax	-113.4	187.1

THE TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2023			2022		
EUR million	Before tax	Tax charge (-) /credit (+)	After tax	Before tax	Tax charge (-) /credit (+)	After tax
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	-17.5	0.6	-16.9	19.7	-2.2	17.5
Cash flow hedges	-67.7	13.6	-54.1	50.4	-11.2	39.2
Items that will not be reclassified subsequently to profit or loss						
Other shares	-76.7	15.3	-61.3	123.2	-24.7	98.6
Remeasurements of defined benefit plans	23.3	-4.4	18.9	40.8	-9.0	31.8
Total other comprehensive income	-138.7	25.1	-113.4	234.1	-47.1	187.1

3. Capital expenditures and acquisitions

3.1 GOODWILL

EUR Million	Note	2023	2022
Net book value on Jan 1		510.5	514.0
Acquisition of subsidiaries and business acquisitions		2.3	0.0
Impairments		0.0	0.0
Transferred to assets classified as held-for-sale [1) 2)]	3.7.	-26.5	-11.3
Exchange differences		-5.3	7.7
Net book value on Dec 31		480.9	510.5

1) In 2023, goodwill was reclassified as held-for-sale assets which is related to the sale of the Oil & Gas business. See Note 3.7. for further details regarding the held-for-sale assets.

2) In 2022, goodwill was reclassified as held-for-sale assets which is related to the sale of the colorant business within the Pulp & Paper segment. See Note 3.7. for further details regarding the held-for-sale assets.

Impairment testing of goodwill

Goodwill is allocated to the two individual cash-generating units that are the Group's reportable segments. The reportable segment represents the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group's two reportable segments are Pulp & Paper and Industry & Water. A summary of the tested net book values and goodwill relating to the Group's reportable segments is presented in the following table.

	2023		2022	
EUR Million	Net book value	of which goodwill	Net book value	of which goodwill
Pulp & Paper	1,263	349	1,275	350
Industry & Water	615	132	891	160
Total	1,878	481	2,165	510

The Group carries out its impairment testing of goodwill annually, or whenever there is an indication that the recoverable amount may be less than its carrying amount. The recoverable amounts of cash-generating units have been determined based on value in use calculations which require the use of estimates and assumptions. The key assumptions in value in use calculations are the EBITDA margin and discount rate.

The long-term EBITDA margin assumption used for the impairment testing of goodwill is based on past experience regarding EBITDA margins and reflects the management's perception of developments in sales prices and sales volumes during the forecast period. The impact of climate-related risks to the Group's long-term performance have been considered in the cash flow forecasts. The cash flow forecasts used in the impairment testing are based on cash flow forecasts approved by the management covering a five-year horizon. The expected growth used to extrapolate cash flows in the subsequent five-year forecast period was assumed to be 1% (2022: 1%) in both cash-generating units Pulp & Paper and Industry & Water.

The discount rates applied were based on the Group's adjusted Weighted Average Cost of Capital (WACC) before taxes. The risk-adjusted WACC rate was defined for both cash-generating units. The pre-tax discount rates used in performing the impairment tests of the Group's reportable segments are presented in the following table.

%	2023	2022
Pulp & Paper	9.3	8.5
Industry & Water	9.3	8.5

In addition, an impairment test based on market value has been carried out as part of impairment testing. The value in use calculation based on cash flow forecasts has been validated by comparing it against the quoted market value of Kemira Oyj.

During the financial years 2023 and 2022, impairment tests have not indicated any impairment, and no impairment loss has been recognized in the income statement.

Sensitivity analysis

In 2023, as part of the impairment testing, the Group carried out a sensitivity analysis that assessed key changes in assumptions as follows: a decrease of 2 percentage points in EBITDA margin, a decrease of 10% in estimated cash flow during the forecast period, an increase of 1 and 2 percentage points in the discount rates or a decrease of 10% in cash flows and an increase of 2 percentage points in the discount rate.

Based on the sensitivity analyses carried out, the management has estimated that changes in the key assumptions of EBITDA margins, discount rates and cash flows would not result in the cash-generating units carrying amount exceeding the recoverable amount and therefore there would be no impairment losses recorded in either of the reportable segments.

The Group's accounting policies

Goodwill

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 the accumulated impairment losses.

Impairment testing

On each balance sheet date, the Group assesses 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.

For the purpose of impairment testing goodwill, a cash-generating unit has been defined as an operating segment. Two or more operating segments are not combined into one reportable segment. 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 the continuing use of an asset and forecasts by the management. Cash flow estimates do not include the effects of improved asset performance, investments, or future reorganizations.

Goodwill impairment is tested by comparing the recoverable amount with the carrying amount for the reportable segments Pulp & Paper and Industry & Water. The carrying amount includes goodwill, intangible assets and PP&E, right-of-use assets, and working capital. The Group does not have intangible assets with indefinite useful lives other than goodwill. All goodwill has been allocated to the reportable segments.

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. 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 for previous years 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 for the previous years. An impairment loss for goodwill is never reversed.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Impairment test 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 EBITDA margin and discount rates. Significant adverse developments in cash flows and interest rates may necessitate the recognition of an impairment loss.

3.2 OTHER INTANGIBLE ASSETS

2023, EUR million	Other intangible assets	Prepayments	Total
Acquisition cost on Jan 1	333.7	11.1	344.8
Additions	17.8	-7.5	10.3
Purchases of subsidiaries and business acquisitions	1.2	0.0	1.2
Decreases [1]	-0.9	0.0	-0.9
Transferred to assets classified as held-for-sale [1]	-13.3	0.0	-13.3
Reclassifications	0.0	-0.1	-0.1
Exchange rate differences and other changes	-4.0	0.0	-4.0
Acquisition cost on Dec 31	334.5	3.4	337.9
Accumulated amortization on Jan 1	-283.8		-283.8
Accumulated amortization relating to decreases and transfers	0.9		0.9
Amortization during the financial year	-19.0		-19.0
Impairments	0.0		0.0
Transferred to assets classified as held-for-sale [1]	11.6		11.6
Exchange rate differences	2.9		2.9
Accumulated amortization on Dec 31	-287.4		-287.4
Net book value on Dec 31	47.1	3.4	50.5
Emission rights			0.6
Net book value including emission rights on Dec 31			51.1

1) In 2023, other intangible assets amounting EUR 1.6 million were reclassified as held-for-sale assets. These assets are used by the Oil & Gas business. See Note 3.7. for further details regarding the held-for-sale assets.

2022, EUR million	Other intangible assets	Prepayments	Total
Acquisition cost on Jan 1	330.5	4.1	334.6
Additions	10.2	7.1	17.3
Purchases of subsidiaries and business acquisitions	0.0	0.0	0.0
Decreases	-3.5	0.0	-3.5
Transferred to assets classified as held-for-sale [2]	-4.0	0.0	-4.0
Reclassifications	0.0	-0.1	-0.1
Exchange rate differences and other changes	0.5	0.0	0.5
Acquisition cost on Dec 31	333.6	11.1	344.8
Accumulated amortization on Jan 1	-267.9		-267.9
Accumulated amortization relating to decreases and transfers	3.5		3.5
Amortization during the financial year	-21.0		-21.0
Impairments	0.0		0.0
Transferred to assets classified as held-for-sale [2]	2.3	0.0	2.3
Exchange rate differences	-0.7		-0.7
Accumulated amortization on Dec 31	-283.8		-283.8
Net book value on Dec 31	49.8	11.1	60.9
Emission rights			0.3
Net book value including emission rights on Dec 31			61.2

2) In 2022, other intangible assets amounting EUR 1.8 million were reclassified as held-for-sale assets. These assets are used by the colorant business within the Pulp & Paper segment. See Note 3.7. for further details regarding the held-for-sale assets.

The Group holds assigned emissions allowances under the EU Emissions Trading System at its Helsingborg site in Sweden and UK Emission Trading System at its Bradford site in the UK. At the Group level, the allowances showed a surplus of 112,573 tons of carbon dioxide in 2023 (a surplus of 87,862 tons).

The Group's accounting policies

Other intangible assets

Other intangible assets include, for instance, software and software licenses and patents, technologies, non-compete agreements and customer relationships acquired in business combinations. On the contrary, cloud-based software as service acquisitions generally do not, by their nature, meet the characteristics of an intangible asset and are therefore recognized as an expense. Intangible assets are measured at cost less accumulated amortization and any impairment losses. The Group has no intangible assets that have an indefinite useful life other than goodwill.

Emission rights

Emission rights purchased on the market are accounted for as intangible assets measured at cost. Emission rights received free of charge are measured at their nominal value (zero). Emission rights are not amortized. A provision for the fulfillment of the obligation to return emission rights are recognized if the free-of-charge emissions are not sufficient to cover actual emissions. The Group's consolidated balance sheet shows no items related to emission rights when the volume of actual emissions is lower than that of the free-of-charge emissions allowances and the Group has not bought allowances on the market.

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3.3 PROPERTY, PLANT AND EQUIPMENT

2023, EUR million	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and assets under construction [1]	Total
Acquisition cost on Jan 1	47.5	552.0	1,819.5	97.5	153.2	2,669.7
Additions	0.2	55.3	129.9	7.5	1.1	194.0
Acquisitions of subsidiaries and business acquisitions	—	—	—	—	—	—
Decreases	—	-2.2	-41.7	-2.1	—	-46.0
Disposed of subsidiaries	—	—	—	—	—	—
Transferred to assets classified as held-for-sale [2]	-1.7	-80.0	-223.3	-8.0	-17.0	-330.0
Reclassifications	—	—	4.6	—	-4.4	0.1
Exchange rate differences and other changes	-0.3	-7.6	-25.9	-2.3	-1.8	-37.8
Acquisition cost on Dec 31	45.8	517.5	1,663.1	92.6	131.1	2,450.1
Accumulated depreciation on Jan 1	-9.9	-270.2	-1,249.6	-59.9		-1,589.6
Accumulated depreciation related to decreases and transfers	—	2.2	41.6	2.1		45.9
Depreciation during the financial year	—	-23.8	-116.3	-6.4		-146.5
Impairments	—	—	—	—		—
Transferred to assets classified as held-for-sale [2]	—	20.0	130.7	6.7		157.5
Exchange rate differences	—	2.7	17.8	1.7		22.3
Accumulated depreciation on Dec 31	-9.9	-269.0	-1,175.8	-55.8		-1,510.5
Net book value on Dec 31	35.9	248.5	487.3	36.8	131.1	939.6

1) Prepayment and non-current assets under construction are mainly composed of plant investments.
2) In 2023, property, plant and equipment amounting EUR 172.5 million were reclassified as held-for-sale assets. These assets are used by the Oil & Gas business. See Note 3.7. for further details regarding the held-for-sale assets.

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2022, EUR million	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and assets under construction [1]	Total
Acquisition cost on Jan 1	50.1	551.8	1,827.1	92.7	106.7	2,628.5
Additions	0.2	31.2	93.3	6.7	49.1	180.3
Decreases	-1.7	-34.4	-105.5	-1.9	-0.6	-143.9
Disposed of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Transferred to assets classified as held-for-sale [2]	0.0	-1.6	-10.2	-0.3	0.0	-12.0
Reclassifications	0.0	0.0	2.5	0.0	-2.4	0.1
Exchange rate differences and other changes	-1.2	5.0	12.3	0.3	0.3	16.8
Acquisition cost on Dec 31	47.5	552.0	1,819.5	97.5	153.2	2,669.7
Accumulated depreciation on Jan 1	-10.0	-277.0	-1,223.4	-55.0		-1,565.4
Accumulated depreciation related to decreases and transfers	0.1	30.2	100.3	1.8		132.4
Depreciation during the financial year	0.0	-23.3	-123.0	-6.3		-152.7
Impairments	0.0	-0.1	-0.9	0.0		-1.0
Transferred to assets classified as held-for-sale [2]	0.0	0.8	6.2	0.2	0.0	7.2
Exchange rate differences	0.0	-0.9	-8.7	-0.5		-10.2
Accumulated depreciation on Dec 31	-9.9	-270.2	-1,249.6	-59.9		-1,589.6
Net book value on Dec 31	37.6	281.8	569.9	37.6	153.2	1 080,2

1) Prepayment and non-current assets under construction are mainly composed of plant investments.

2) In 2022, property, plant and equipment amounting EUR 4.8 million were reclassified as held-for-sale assets. These assets are used by the colorant business within the Pulp & Paper segment. See Note 3.7. for further details regarding the held-for-sale assets.

The Group's accounting policies

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. The residual values and useful lives of the 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. 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 benefits and the costs can be reliably measured. The costs of major inspections or the overhaul of an asset performed at regular intervals and identified as separate components are capitalized and depreciated over their useful lives.

3.4 LEASES

CHANGE IN RIGHT-OF-USE ASSETS

2023, EUR million	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Total
Net book value Jan 1	31.5	37.8	74.8	1.9	146.0
Additions	0.4	5.2	31.3	0.2	37.1
Depreciation and impairments	-1.6	-10.3	-25.6	-0.6	-38.1
Transferred to assets classified as held-for-sale [1)]	-3.8	-2.8	-11.1	-0.1	-17.8
Reclassifications	0.0	0.0	0.0	0.0	0.0
Exchange rate differences and other changes	-0.7	-0.6	-2.9	0.0	-4.2
Net book value Dec 31	25.8	29.4	66.5	1.3	123.0

1) In 2023, right-of-use assets amounting EUR 17.8 million were reclassified as held-for-sale assets. These assets are used by the Oil & Gas business. See Note 3.7. for further details regarding the held-for-sale assets.

2022, EUR million	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Total
Net book value Jan 1	33.1	29.5	71.1	2.1	135.8
Additions	0.4	19.0	25.5	0.7	45.6
Depreciation and impairments	-1.7	-10.2	-24.0	-0.8	-36.7
Transferred to assets classified as held-for-sale [2)]	0.0	-0.3	-0.1	0.0	-0.4
Reclassifications	0.0	0.0	0.0	0.0	0.0
Exchange rate differences and other changes	-0.4	-0.1	2.4	-0.1	1.7
Net book value Dec 31	31.5	37.8	74.8	1.9	146.0

2) In 2022, right-of-use assets amounting EUR 0.4 million were reclassified as held-for-sale assets. These assets are used by the colorant business within the Pulp & Paper segment. See Note 3.7. for further details regarding the held-for-sale assets.

Maturity of lease liabilities has been presented in Note 5.3. Interest-bearing liabilities. Changes in lease liabilities and payments related to lease liabilities has been presented in Note 5.1. Capital Structure.

In 2023, the amount of lease expenses recognized in the income statement for leases of short-term or low-value assets is EUR 3 million (4).

The Group's accounting policies

Leases

At the time of entering into an agreement, the Group assesses whether it is a lease or whether it contains a lease. An agreement is a lease in accordance with IFRS 16 if the agreement gives the Group, as lessee, the right to control the asset and control its use for a specified period, against consideration. The Group's leases are mainly for land, buildings, and transport equipment.

The lease is recognized as a right-of-use asset and a corresponding liability when the leased asset is available to the Group. The rent paid is divided into debt and interest expenses. Interest expenses are recognized in the income statement over the lease term and the asset is amortized over the lease term. Assets and liabilities arising from leases are initially measured at present value. Lease liabilities include the net fair value of rentals, consisting of a fixed payment and a variable rent that are index- or price-level dependent. The lease liability is discounted to its present value using an interest rate on the additional loan, consisting of the reference interest rate and the lessee's credit margin, which the lessee would pay on the acquisition of the corresponding asset by debt financing. This additional loan rate will vary depending on the duration of the lease and the currency.

The lease term is the period during which the lease cannot be canceled. The Group leases typically have a fixed term, and some contracts have options for renewal. The option is included in the lease liability if it is reasonably certain that the option will be exercised. If there is a change in the estimate of the exercise of the option, the lease liability and the related asset are reassessed.

A right-of-use asset is measured at cost, which includes the original amount of the lease liability. In building leases, lease and non-lease components are treated separately wherever they can be identified and distinguished from the right-of-use asset. In subsequent periods, the accumulated depreciation and impairment losses are deducted from the asset. Fixed assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

Payments for short-term and low-value leases are recognized as an expense in the income statement on a straight-line basis over the lease term. Leases with a maximum term of 12 months are regarded as short-term. Low value assets include IT equipment, office furniture and other low value machines.

3.5 OTHER SHARES

2023, EUR million	The shares of Pohjolan Voima Group	Other non-listed shares	Total
Net book value on Jan 1	380.6	2.7	383.3
Additions	—	—	—
Decreases	—	-0.3	-0.3
Change in fair value	-76.7	—	-76.7
Reclassifications	—	-1.0	-1.0
Net book value on Dec 31	303.9	1.4	305.4

2022, EUR million			
Net book value on Jan 1	257.3	2.7	260.0
Additions	—	—	—
Decreases	—	—	—
Change in fair value	123.2	—	123.2
Net book value on Dec 31	380.6	2.7	383.3

SHARES IN THE POHJOLAN VOIMA GROUP

EUR million	Class of shares	Holding, %	Class of assets	2023	2022
Pohjolan Voima Oyj	A	5	hydro power	100.2	126.3
Pohjolan Voima Oyj	B	2	nuclear power	47.9	79.3
Pohjolan Voima Oyj [1)]	B2	7	nuclear power	62.9	21.3
Teollisuuden Voima Oyj	A	2	nuclear power	92.2	152.8
Other Pohjolan Voima Oyj	C2, G5, G6, M	several	several	0.8	0.8
Total				303.9	380.6

1) TVO announced on April 16, 2023 that Olkiluoto 3 is ready and regular electricity production has started. In Q2 2023, PVO B2 share series (Olkiluoto 3) was valued for the first time using the discounted cash flow method. Kemira's value of the ownership of PVO B2 share series increased to EUR 62.9 million at year-end 2023.

Kemira Oyj owns 5% of Pohjolan Voima Oyj, a company of the Pohjolan Voima Group, and 1% of its joint venture Teollisuuden Voima Oyj.

Discounted cash flow assumptions and sensitives

	2023	2022
Short-term discount rate	5.1%	5.1%
Long-term discount rate	5.1%	5.1%
Electricity price estimate EUR/MWh	51.85–69.32	57.62–85.80
Forward electricity prices EUR/MWh	44.25–95.25	68.60–158.10

A 10% decrease or increase in the electricity market price in the future would negatively or positively impact on the fair value of the shares by approximately EUR +/- 98 million (+/- 47). An increase or decrease of one percentage point in the discount rate would negatively or positively impact on the fair value of the shares by approximately EUR -49 million (-38) or approximately EUR 69 million (53).

The Group's accounting policies

Other shares

Other shares are classified at fair value through other comprehensive income. Changes in the fair value of other shares are recognized in other comprehensive income under equity in the fair value reserve taking the tax effect into account and including gains and losses from sales. The dividends are recognized in the profit or loss statement. Other shares include non-listed companies, the shareholdings in Pohjolan Voima Oyj (PVO) and Teollisuuden Voima Oyj (TVO) representing the largest investments.

PVO and its joint venture TVO comprise a private energy generating group owned by Finnish manufacturing and power companies, to which it supplies energy at cost. Kemira Group has A series shares in TVO and A, B, C, G, and M series shares in PVO. The shareholdings of PVO's B series are related to the holdings in TVO and TVO operates three nuclear power plant units (Olkiluoto 1, 2 and 3) in Olkiluoto in the municipality of Eurajoki in Finland. 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 they hold, regardless of whether they use their power/energy share or not, and for variable costs in proportion to the amount of energy used.

Kemira Oyj's ownership in the PVO Group, which entitles it to electricity from the power plants in regular production is measured at the fair value based on the discounted cash flow resulting from the difference between the market price of the electricity and the cost price. The forward electricity price quotations for the Finnish price area published by the Nordic Electricity Exchange have been used as the basis for the market price for the electricity for the first five years, and after this, the development of the electricity price is 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 the 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 also includes terminal value. The discount rate has been calculated using the annually determined average weighted cost of capital.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Estimated fair value of shares in the PVO Group

The Group's shareholding in the unlisted PVO Group 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 using the valuation model. Developments in the actual fair value may differ from the estimated value due to factors, such as electricity prices, inflation, the forecast period, or the discount rate.

3.6 BUSINESS COMBINATIONS

In Q3 2021, Kemira acquired a minority interest in the advanced process optimization start-up SimAnalytics Oy. In Q1 2023, Kemira acquired the rest of the business and now has a 100% interest in the acquired business. The acquisition was not material to Kemira's consolidated income statement and balance sheet.

The acquisition calculation under IFRS 3 is provisional. The fair values of the net assets and goodwill may change during the 12-month period during which the acquisition calculation will be finalized. The purchase price of EUR 3 million was paid in cash, except for certain payments which will be paid later. The purchase price is divided into two installments, of which EUR 2 million was paid in Q1 2023 and EUR 1 million was paid earlier in 2021. The remainder of the payments to the acquired company's employees, made after the acquisition date, are remunerations for services under IFRS 3 and these payments have no effect on goodwill.

Based on preliminary acquisition calculations, EUR 1 million was allocated to intangible assets such as software. A provisional goodwill of EUR 2 million arises mainly from the expected synergies.

The acquired business has been consolidated into the Pulp & Paper segment, beginning in Q1 2023.

The Group's accounting policies

Business combinations

The acquisition method is applied to business combinations. The consideration transferred for acquisition of a subsidiary is defined as an aggregate of the fair values of the assets transferred, the liabilities assumed and the equity interest issued by the Group. The consideration transferred may include the fair value of any asset or liability resulting from the contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities that are assumed in a business combination are measured at their fair values on the acquisition date.

3.7 ASSETS CLASSIFIED AS HELD-FOR-SALE

Sale of the Oil & Gas business to Sterling Specialty Chemicals, LLC

ASSETS CLASSIFIED AS HELD-FOR-SALE AT FAIR VALUES

EUR million	Note	2023	2022
Goodwill	3.1.	0.0	—
Intangible assets	3.2.	1.6	—
Property, plant and equipment	3.3.	109.5	—
Right-of-use assets	3.4.	17.8	—
Deferred tax assets	4.4.	19.2	—
Inventories	4.1.	48.3	—
Trade receivables and other receivables	4.2.	57.0	—
Cash and cash equivalents	5.4.	2.2	—
Total		255.6	—

LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD-FOR-SALE

EUR million	Note	2023	2022
Liabilities related to right-of-use assets	5.3.	24.1	—
Deferred tax liabilities	4.4.	32.1	—
Trade payables and other liabilities	4.3.	44.0	—
Current income tax liabilities		4.6	—
Total		104.8	—

On December 4, 2023, Kemira signed an agreement to divest its Oil & Gas-related portfolio to Sterling Specialty Chemicals LLC, a US subsidiary of Artek Group, a global industrial chemicals group based in India.

The revenue to be carved-out from Kemira was around EUR 430 million in 2022. This includes Kemira's Oil & Gas business, which had a revenue of EUR 373 million in 2022. The remaining carved-out revenue of around EUR 57 million consisted of non-Oil & Gas industrial polymer sales through indirect channels.

Approximately 250 employees are expected to transfer to the buyer as part of the transaction, which includes Kemira's manufacturing facilities in Mobile, Columbus and Aberdeen in the United States. The Teesport manufacturing facility in the United Kingdom is included in the transaction, subject to certain site-specific closing conditions being fulfilled. In addition, the novel liquid polymer (NLP) manufacturing assets, which are part of Kemira's manufacturing facility in Botlek, the Netherlands, are included in the transaction, but Kemira will continue to operate the plant under a long-term agreement and will retain the employees.

The total consideration on a cash and debt-free basis amounts to approximately USD 280 million, around EUR 260 million, subject to ordinary closing adjustments. On February 2, 2024, Kemira announced that it had closed the divestment of its Oil & Gas related portfolio. The closing of the Teesport manufacturing facility in the United Kingdom is expected to happen later, subject to site-specific closing conditions. The transaction will be carried out as a combination of a share and assets sale.

As of Q4 2023, the assets and liabilities related to the sale of the Oil & Gas business were classified as a disposal group held for sale according to IFRS 5. As a result, the assets and liabilities related to the sale of the Oil & Gas business were presented in the consolidated balance sheet, on separate lines. The reclassification has an effect on the reported values of balance sheet items and the expected loss from the sale of the Oil & Gas business is EUR 101 million, including transaction fees. The Oil & Gas business is part of Kemira's Industry & Water segment.

Sale of the colorants business to ChromaScape, LLC

ASSETS CLASSIFIED AS HELD-FOR-SALE AT FAIR VALUE

EUR million	Note	2023	2022
Goodwill	3.1.	–	0.0
Intangible assets	3.2.	–	1.8
Property, plant and equipment	3.3.	–	4.8
Right-of-use assets	3.4.	–	0.4
Inventories		–	14.3
Total		–	21.3

LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD-FOR-SALE

EUR million	Note	2023	2022
Liabilities of defined benefit plans	4.5.	–	0.3
Liabilities related to right-of-use assets		–	0.4
Total		–	0.7

Kemira announced the closing of the divestment of most of its colorants business to ChromaScape, LLC on May 4, 2023. The loss from the sale of the colorants business was EUR 25 million, of which EUR 10 million was recognized during the 2023 reporting period. The colorants business was part of Kemira's Pulp & Paper segment.

Revenue from the business in 2022 was approximately EUR 50 million and 59 employees transferred to ChromaScape, LLC as part of the transaction. The sale included one manufacturing site at Goose Creek, Bushy Park in South Carolina, USA. Kemira retained its APAC related colorants business.

As of Q3 2022, the assets and liabilities related to the sale of the colorants business were classified as a disposal group held for sale according to IFRS 5. As a result, the assets and liabilities related to the sale of the colorants business were presented in the consolidated balance sheet, on separate lines.

The Group's accounting policies

Non-current assets held for sale

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 have been 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 is disclosed separately in the balance sheet.

4. Working capital and other balance sheet items

NET WORKING CAPITAL

EUR million	Note	2023	2022
Inventories	4.1.	281.8	433.7
Trade receivables and other receivables	4.2.	468.2	603.7
Excluding financing items in other receivables [1]		-18.6	-71.1
Trade payables and other liabilities	4.3.	489.4	635.2
Excluding financing items in other liabilities [1]		-37.0	-31.4
Total		278.9	362.4

1) Includes mainly interest income and expenses, exchange gains and losses and hedging related items.

Due to the Oil & Gas divestment, in net working capital in 2023, EUR 48.3 million of inventory, EUR 57.0 million of trade receivables and other receivables and EUR 44.0 million trade payables and other payables have been reclassified as held-for-sale. Kemira has completed the divestment in February 2024.

Quarterly information on net working capital is disclosed in the section on Reconciliation to IFRS figures.

4.1 INVENTORIES

EUR million	2023	2022
Materials and supplies	113.0	147.8
Finished goods	149.4	264.7
Prepayments	19.4	21.2
Total	281.8	433.7

In 2023, EUR 2.4 million (9.2) of the inventory value was recognized as an expense in order to decrease the book values of the inventories to correspond with their net realizable value.

The Group's accounting policies

Inventories

Inventories are measured at the lower of cost and net realizable value. Costs are determined on a first-in first-out (FIFO) basis or by using a weighted average cost formula, depending on the nature of the inventory. The cost of finished goods and work in progress include the proportion of production overheads at 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 sales costs.

4.2 TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

EUR million	2023	2022
Trade and other receivables		
Trade receivables	386.2	449.6
Prepayments	8.5	7.1
Prepaid expenses and accrued income	38.9	110.5
Other current receivables	34.7	36.4
Total	468.2	603.7

AGING OF OUTSTANDING TRADE RECEIVABLES

	2023		
EUR million	Receivables, gross amount	Expected credit losses	Receivables, net amount
Not due trade receivables	327.9	-0.1	327.7
Trade receivables 1-90 days overdue	58.1	-0.3	57.8
Trade receivables more than 91 days overdue	5.0	-4.3	0.6
Total	390.9	-4.8	386.2

EUR million	2022 Receivables, gross amount	Expected credit losses	Receivables, net amount
Not due trade receivables	389.2	-0.7	388.5
Trade receivables 1-90 days overdue	61.1	-0.1	61.0
Trade receivables more than 91 days overdue	4.7	-4.6	0.1
Total	454.9	-5.3	449.6

In 2023, the impairment loss (+) /gain(-) of trade receivables amounted to EUR -0.2 million (2.2).

In 2023, items that were due in a time period longer than one year included trade receivables of EUR 0.3 million (0.7), prepaid expenses and an accrued income of EUR 1.3 (0.5), other receivables of EUR 0.1 (0.3) and prepayments of EUR 0.0 (1.7).

The Group's accounting policies

Trade receivables, loan receivables, and other current receivables

Trade receivables, loan receivables, and other current receivables are initially recognized at fair value and subsequently measured at amortized cost, taking impairment into account. These items are subject to a simplified impairment model in accordance with the IFRS 9 standard, where the estimated amount of credit losses is based on the expected credit losses over their expected life.

The expected credit loss rates for the impairment model vary for trade receivables in EMEA, Americas, and APAC according to age distribution and geographical area. Credit loss rates are based on sales payment profiles and historical credit losses.

The expected credit losses for trade receivables are recognized using the simplified impairment model in accordance with IFRS 9. The expected credit losses are calculated by multiplying the book value of unpaid trade receivables by the expected credit loss rate according to geographical area. Any overdue trade receivables over 180 days are assessed based on a specific risk assessment. In addition, an estimate of a credit loss is recognized for individual trade receivables when there is objective evidence that the receivables will not be recovered on all the original terms.

Trade receivables, loan receivables, and other current receivables do not include a significant financial component.

4.3 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

EUR million	2023	2022
Trade payables and other liabilities		
Prepayments received	1.6	2.5
Trade payables	226.7	292.8
Accrued expenses	218.4	277.0
Other non-interest-bearing current liabilities	42.7	63.0
Total	489.4	635.2
Accrued expenses		
Employee benefits	89.7	94.2
Items related to revenue and purchases	91.4	149.8
Interest	7.7	7.2
Exchange rate differences	6.9	2.8
Other	22.7	22.9
Total	218.4	277.0

The Group's accounting policies

Trade payables and other current liabilities

Trade and other payables are presented as current liabilities if payment is due within 12 months after the financial period. Trade payables are initially recognized at fair value and subsequently measured at amortized cost.

Kemira

4.4 DEFERRED TAX LIABILITIES AND ASSETS

EUR million	On Jan 1, 2023	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired subsidiaries and items classified as held-for-sale	Exchange differences and reclassifications	On Dec 31, 2023
Deferred tax liabilities							
Intangible and fixed assets	73.2	-0.8	0.0	0.0	-29.4	-2.5	40.4
Leased assets [1]	0.0	3.1	0.0	0.0	-1.2	-0.2	1.7
Other shares	52.7	0.0	-15.3	0.0	0.0	0.0	37.3
Financial instruments	16.5	0.0	-11.6	0.0	0.0	-1.9	3.0
Defined benefit arrangements	15.9	0.2	5.1	0.0	0.0	-0.3	20.9
Fair value adjustments of net assets acquired	0.6	-0.3	0.0	0.0	0.2	0.0	0.4
Other accruals	4.3	1.8	-0.6	0.7	-1.4	-0.2	4.5
Total	163.1	4.0	-22.5	0.7	-31.9	-5.1	108.3
Deducted from deferred tax assets	-44.9						-27.0
Deferred tax liabilities in the balance sheet	118.2						81.3
Deferred tax assets							
Intangible and fixed assets	0.0	5.8	0.0	0.0	-7.2	9.4	8.0
Provisions and accruals	20.7	0.8	0.0	0.0	-10.3	6.5	17.7
Lease liabilities [1]	0.0	4.4	0.0	0.0	-1.5	1.3	4.2
Financial instruments	0.0	0.5	2.0	0.0	0.0	-1.9	0.6
Tax losses and tax credits	21.3	-3.4	0.0	0.0	0.0	-0.7	17.2
Defined benefit arrangements	2.6	-0.2	0.7	0.0	0.0	0.4	3.4
Other	27.5	0.2	0.0	0.0	-0.2	-19.8	7.7
Total	72.0	8.1	2.7	0.0	-19.2	-4.8	58.8
Deducted from deferred tax liabilities	-44.9						-27.0
Deferred tax assets in the balance sheet	27.1						31.8

1) As a result of the amendment in IAS 12 standard, as of January 1, 2023, deferred taxes have been recognized in connection with initial recognition of the leases for new lease contracts.

EUR million	On Jan 1, 2022	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired subsidiaries and items classified as held-for-sale	Exchange differences and reclassifications	On Dec 31, 2022
Deferred tax liabilities							
Intangible and fixed assets	57.3	14.6	0.0	0.0	0.0	1.2	73.2
Leased assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other shares	28.0	0.0	24.7	0.0	0.0	0.0	52.7
Financial instruments	7.0	0.0	9.5	0.0	0.0	0.0	16.5
Defined benefit arrangements	14.6	-1.6	3.0	0.0	0.0	0.0	15.9
Fair value adjustments of net assets acquired	1.1	-0.5	0.0	0.0	0.0	0.0	0.6
Other accruals	4.4	-6.2	3.7	2.2	0.0	0.0	4.3
Total	112.4	6.3	40.9	2.2	0.0	1.3	163.1
Deducted from deferred tax assets	-35.3						-44.9
Deferred tax liabilities in the balance sheet	77.1						118.2
Deferred tax assets							
Intangible and fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions and accruals	20.3	-1.6	0.0	0.0	0.0	1.9	20.7
Lease liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial instruments	0.3	0.0	-0.3	0.0	0.0	0.0	0.0
Tax losses and tax credits	11.2	-0.1	0.0	0.0	0.0	10.2	21.3
Defined benefit arrangements	10.9	0.1	-6.0	0.0	0.0	-2.4	2.6
Other	23.0	14.0	0.0	0.0	0.0	-9.6	27.5
Total	65.8	12.4	-6.3	0.0	0.0	0.1	72.0
Deducted from deferred tax liabilities	-35.3						-44.9
Deferred tax assets in the balance sheet	30.5						27.1

The Group's accounting policies

Deferred taxes

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred tax in the initial recognition of goodwill is recognized only in cases where goodwill is locally tax deductible. 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 a 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 when there is a legally enforceable right to offset the 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 tax entity or different taxable entities where there is an intention to settle the balances on a net basis.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Deferred taxes

For the recognition of deferred tax assets for tax losses and other items, the management assesses the amount of a probable future taxable profit against which unused tax assets can be utilized. Actual profits may differ from the forecasts and in such cases affect taxes in future periods.

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4.5 DEFINED BENEFIT PENSION PLANS AND EMPLOYEE BENEFITS

The Group has several defined benefit pension plans and other employee benefit obligations. The main defined benefit pension plans are in Finland, Sweden, Germany, and the UK.

Finland

The Group's most significant defined benefit plan is in Finland through Pension Fund Neliapila, which takes care of part of some employees' supplementary pension benefits. The Pension Fund Neliapila covers employees whose employment with Kemira began before January 1, 1991, meaning that the fund is closed to new employees. Currently the majority of the members of Pension Fund Neliapila are pensioners. At the end of 2023, the obligations of Pension Fund Neliapila totaled EUR 156.2 million (156.9) and assets of the plan totaled EUR 262.5 million (235.3).

Pension Fund Neliapila's supplementary benefit includes old-age pensions, disability pensions, survivors' pensions, and funeral grants. The aggregated pension benefit is 66 percent of the pension salary. To qualify for a full pension, an employee must have accrued a pensionable service of 25 years. The supplementary pension benefit is the difference between the aggregated and compulsory pension benefits.

The Board of Directors of Pension Fund Neliapila decided in December 2023 to return the fund's surplus of EUR 14 million to Kemira Group companies. The return of surplus will be paid by Pension Fund Neliapila when approval is obtained from the Financial Supervisory Authority. The approval is required by the Pension Fund Act. The surplus payment is expected to be paid during the first half of 2024. The Group has not recognized any items regarding the return of surplus in the Consolidated Financial Statements 2023.

Sweden

In Sweden, there is a defined benefit pension plan called the ITP 2 plan for white-collar employees. To qualify for a full pension, an 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 the normal retirement pension, complementary retirement pensions and a survivors' pension. In addition, Kemira must have credit insurance from PRI Pensionsgaranti Mutual Insurance Company for the ITP 2 plan pension liability. At the end of 2023, the defined benefit obligations in Sweden totaled EUR 38.2 million (38.3).

ASSETS AND LIABILITIES OF DEFINED BENEFIT PLANS RECOGNIZED IN THE BALANCE SHEET

EUR million	2023	2022
Present value of defined benefit obligations	233.9	231.5
Fair value of plans' assets	-272.2	-244.4
Surplus (-) / Deficit (+)	-38.3	-12.8
The effect of asset ceiling	1.8	1.4
Net receivables (-) / liabilities (+) of defined benefit plans recognized in the Balance Sheet	-36.5	-11.4
Liabilities of defined benefit plans	69.8	66.9
Receivables of defined benefit plans	-106.3	-78.4
Net receivables (-) / liabilities (+) of defined benefit plans recognized in the Balance Sheet	-36.5	-11.4
AMOUNTS OF DEFINED BENEFIT PLANS RECOGNISED IN THE INCOME STATEMENT		
Service costs	2.0	2.3
Net interest cost [1]	-0.5	0.7
Defined benefit plans' expenses (+) / income (-) in the Income Statement	1.5	3.0

1) Net interest costs are presented in net finance costs, in the Consolidated Income Statement.

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DEFINED BENEFIT PLANS RECOGNIZED IN THE OTHER COMPREHENSIVE INCOME

EUR million	2023	2022
Items resulting from remeasurements of defined benefit plans [2]		
Actuarial gains (-) / losses (+) in defined benefit obligations arising from changes in demographic assumptions	0.3	-0.4
Actuarial gains (-) / losses (+) in defined benefit obligations arising from changes in financial assumptions [3]	1.9	-70.3
Actuarial gains (-) / losses (+) in defined benefit obligations arising from experience based assumptions	6.9	9.7
Actuarial gains (-) / losses (+) in plan assets [3]	-32.2	23.3
Effect from asset ceiling	0.3	0.8
Defined benefit plans' expenses (+) / income (-) in the other comprehensive income	-22.8	-37.0

2) The remeasurements of defined benefit 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 2.8. Other comprehensive income.

3) In 2023 and 2022, the actuarial gains and losses are mainly due to return on assets, change in the discount rate and inflation in pension plan in Sweden and Pension Fund Neliapila.

CHANGES IN PLAN ASSETS OVER THE PERIOD IN DEFINED BENEFIT PLANS

EUR million	2023	2022
Defined benefit obligation on Jan 1	231.5	312.0
Current service costs	1.6	2.3
Interest costs	8.4	3.6
Actuarial losses (+) / gains (-)	9.1	-61.1
Exchange differences on foreign plans	0.0	-4.7
Benefits paid	-16.8	-16.2
Curtailments and settlements [4]	0.0	-3.4
Transferred to liabilities classified as held-for-sale	—	-0.4
Other items	0.0	-0.6
Present value of defined benefit obligations on Dec 31	233.9	231.5

4) In 2022, the defined benefit (DB) pension plan has been converted to a defined contribution plan In Norway. DB pension obligations have been transferred to an insurance company.

CHANGES IN PLAN ASSETS OVER THE PERIOD IN DEFINED BENEFIT PLANS

EUR million	2023	2022
Fair value on Jan 1	244.4	292.0
Interest income	9.0	2.9
Contributions	0.4	0.2
Return of surplus assets [5]	—	-10.0
Actuarial losses (-) / gains (+)	32.2	-23.3
Exchange differences on foreign plans	0.1	-0.6
Benefits paid	-13.3	-12.8
Curtailments and settlements [4]	0.0	-3.5
Transferred to assets classified as held-for-sale	—	-0.1
Other items	-0.5	-0.4
Fair value of plan assets on Dec 31	272.2	244.4

5) In 2022, Pension Fund Neliapila paid to a surplus return of EUR 10 million to Kemira Group companies.

PLAN ASSETS BY ASSET CATEGORY IN DEFINED BENEFIT PLANS

EUR million	2023	2022
Interest rate investments and other assets	144.1	124.2
Shares and share funds	79.5	75.8
Properties occupied by the Group	46.8	42.8
Kemira Oyj's shares	1.9	1.6
Total assets	272.2	244.4

The Finnish Pension Fund Neliapila has most of the defined benefit plan's assets. At the end of 2023, the Pension Fund Neliapila's assets amounted to EUR 262.5 million (235.3), which consisted of interest rate investments and other assets of EUR 134.5 million (115.7), shares and share funds of EUR 79.4 million (75.1), properties of EUR 46.8 million (42.8), and Kemira Oyj's shares of EUR 1.9 million (1.6). In the Pension Fund Neliapila, the investment position is 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 plan. In Pension Fund Neliapila, a market risk can be considered a significant investment risk. The market risk arising from cyclical fluctuations of the financial market, is managed by ensuring that the investment position is sufficiently diversified.

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The income (+) / expense (-) of the actual returns on the plan assets of the Group's defined benefit plan were EUR 41.2 million (-20.5).

SIGNIFICANT ACTUARIAL ASSUMPTIONS

%	2023	2022
Discount rate	3.1–4.5	3.7–4.7
Inflation rate	1.6–3.1	2.0–3.2
Future salary increases	2.1–2.5	2.5–3.2
Future pension increases	2.0–2.3	2.1–2.8

The significant assumptions used in calculating the obligations of the Finnish Pension Fund Neliapila were as follows: discount rate 3.1% (3.8%), inflation rate 2.1% (2.6%), future salary increases 2.1% (2.6%), and future pension increases 2.3% (2.8%).

Sensitivity analysis

The sensitivity analysis is based on keeping other assumptions constant when one assumption is changed. In practice, this is unlikely to occur and changes in some of the assumptions may correlate with each other. 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.

If the discount rate would be 0.5 percentage points lower in all of the significant countries, the defined benefit obligation would increase by EUR 11.9 million (5.1%), if all other assumptions were held constant.

SENSITIVITY ANALYSIS - PENSION FUND NELIAPILA IN FINLAND

	Defined benefit obligation		Impact on defined benefit obligation	
EUR million	2023	2022	2023	2022
Discount rate 3.1% (3.8%)	156.2	156.9		
Discount rate +0.5%	149.2	149.8	-4.5%	-4.5%
Discount rate -0.5%	163.8	164.6	4.9%	4.9%
Future pension increases 2.3% (2.8%)	156.2	156.9		
Future pension increases +0.5%	163.0	163.8	4.4%	4.4%
Future pension increases -0.5%	149.8	150.5	-4.1%	-4.1%

A change in the mortality assumption where life expectancy is increased by one year will increase the defined benefit obligation by EUR 6.9 million (4.4%).

SENSITIVITY ANALYSIS - ITP 2 PENSION PLAN IN SWEDEN

	Defined benefit obligation		Impact on defined benefit obligation	
EUR million	2023	2022	2023	2022
Discount rate 3.8% (3.65%)	38.2	38.4		
Discount rate +0.5%	36.0	36.0	-5.8%	-6.0%
Discount rate -0.5%	40.7	40.9	6.4%	6.7%
Future salary increases 2.1% (2.5%)	38.2	38.4		
Future salary increases +0.5%	38.9	39.0	1.6%	1.8%
Future salary increases -0.5%	37.7	37.7	-1.5%	-1.7%

A change in the mortality assumption where life expectancy is increased by one year will increase the defined benefit obligation by EUR 1.5 million (3.8%).

Expected contributions to the defined benefit plans for the year ending on December 31, 2024, are EUR 4.1 million. In addition, Pension Fund Neliapila is expected to pay a surplus return of EUR 14 million to Kemira Group companies during the first half of 2024.

The Group's accounting policies

Defined benefit pension plans and employee benefits
The Group has different post-employment schemes, including both defined contribution and defined benefit pension plans in accordance with the local legislation and practices of the countries in which it operates. Pension plans are generally funded through contributions to pension 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 their compensation level and years of service.

The liability recognized in the balance sheet in respect to the 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 with their terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates for 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 in the employee benefit expenses and net interest costs on finance income and finance expense. Past service costs are recognized immediately in profit or loss.

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 expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

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. The pension liability is calculated by independent actuaries.

4.6 PROVISIONS

EUR million	Personnel related provisions	Restructuring provisions	Environmental provisions 1)	Other provisions 2)	Total
Non-current provisions					
On January 1, 2023	0.1	0.0	17.3	20.9	38.4
Exchange rate differences	0.0	0.0	0.0	0.0	0.0
Additional provisions and increases in existing provisions	0.0	0.0	0.0	12.3	12.3
Used during the financial year	0.0	0.0	-0.2	-0.2	-0.4
Unused provisions reversed	-0.1	0.0	0.0	-0.3	-0.3
Reclassification	0.0	0.0	-4.7	-7.5	-12.2
On December 31, 2023	0.1	0.0	12.4	25.3	37.8
Current provisions					
On January 1, 2023	0.4	0.0	10.1	8.3	18.8
Exchange rate differences	0.0	0.0	0.0	0.0	0.0
Additional provisions and increases in existing provisions	0.0	0.1	1.8	2.4	4.3
Used during the financial year	-0.1	0.0	-8.2	-9.0	-17.3
Unused provisions reversed	0.0	-0.1	-0.7	-0.4	-1.1
Reclassification	0.0	0.0	4.7	7.5	12.2
On December 31, 2023	0.3	0.0	7.7	8.9	16.9

1) The Group's operations in the chemical industry are governed by numerous international agreements as well as regional and national legislation all over the world. The Group treats its environmental liabilities and risks according to established internal principles and procedures. In 2023, provisions for environmental remediation totaled EUR 20.1 million (27.4). The biggest provisions relate to site closures and reconditioning of the sediment of a lake in Vaasa, Finland.

2) Other provisions totaled EUR 34.2 million (29.2). The biggest provisions relate to expected liabilities for energy company producing steam in Pori, Finland, owned via Pohjolan Voima.

EUR million	2023	2022
Breakdown of the total amount of provisions		
Non-current provisions	37.8	38.4
Current provisions	16.9	18.8
Total	54.6	57.2

The Group's accounting policies

Provisions

Provisions for restructuring costs, personnel related costs, environmental obligations, legal claims, and onerous contracts are recognized when the Group has a present legal or constructive obligation as a result of past events, and 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 interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The items in the financial statements that include significant accounting estimates and accounting policies that require judgment

Provisions

Recognizing provisions requires the management's estimates, since the precise amount of obligations related to the provisions is not known when preparing the Financial Statements.

5. Capital structure and financial risks

5.1 CAPITAL STRUCTURE

EUR million	2023	2022
Equity	1,684.2	1,684.6
Total assets	3,489.3	3,651.1
Gearing, % [1]	32	46
Equity ratio, % [2]	48	46

1) The definition of the key figure for Gearing is 100 × Interest-bearing net liabilities / Total equity.
2) The definition of the key figure for the Equity ratio is 100 × Total equity / (Total assets - prepayments received).

INTEREST-BEARING NET LIABILITIES

EUR million	Note	2023	2022
Non-current interest-bearing liabilities	5.3.	615.7	838.1
Current interest-bearing liabilities	5.3.	322.1	183.7
Interest-bearing liabilities		937.8	1,021.8
Cash and cash equivalents	5.4.	402.5	250.6
Interest-bearing net liabilities		535.2	771.2

Quarterly information on interest-bearing net liabilities is disclosed in the section on the Reconciliation with IFRS figures.

Kemira aims at above-the-market revenue growth with an operative EBITDA margin of 15–18%. The gearing target is below 75%. The revolving credit facility agreement and some bilateral loan agreements contain a covenant according to which company gearing must be below 115%.

The Board of Directors proposes a per-share dividend of EUR 0.68 for 2023 (0.62), corresponding to a dividend payout ratio of 52% (41%). Kemira's dividend policy aims at a competitive dividend that increases over time.

The Group's accounting policies

Dividend distribution
Any dividend proposed by the Board of Directors is not deducted from distributable equity until it has been approved by the Annual General Meeting.

Interest-bearing liabilities and cash and cash equivalents
The accounting policies for interest-bearing liabilities and cash and cash equivalents are described in Note 5.4. Financial assets and liabilities by measurement category.

INTEREST-BEARING NET LIABILITIES CONNECTED IN CASH FLOW STATEMENTS

EUR million	Non-current interest-bearing liabilities including payments of non-current portion	Current interest-bearing liabilities	Interest-bearing liabilities total	Cash and cash equivalents	Interest-bearing net liabilities
Net book value on Jan 1, 2023	875.5	146.3	1,021.8	250.6	771.2
Change in net liabilities with cash flows					
Proceeds from non-current liabilities (+)	0.2		0.2		0.2
Payments of non-current liabilities (-)	—		—		—
Payments of lease liabilities (-)	-37.3		-37.3		-37.3
Proceeds from current liabilities (+) and payments (-)		-50.7	-50.7		-50.7
Change in cash and cash equivalents				158.0	-158.0
Change in net liabilities without cash flows					
Increases in lease liabilities (+)	36.4		36.4		36.4
Effect on change in exchange gains and losses	-4.4	-6.8	-11.1	-6.1	-5.0
Other changes without cash flows [1]	-21.5	—	-21.5	—	-21.5
Net book value on Dec 31, 2023	849.0	88.8	937.8	402.5	535.2

1) Due to the Oil & Gas divestment EUR 24.1 million of lease liabilities have been reclassified as held-for-sale. Kemira has completed the divestment in February 2024.

EUR million	Non-current interest-bearing liabilities including payments of non-current portion	Current interest-bearing liabilities	Interest-bearing liabilities total	Cash and cash equivalents	Interest-bearing net liabilities
Net book value on Jan 1, 2022	865.0	127.1	992.2	142.4	849.8
Change in net liabilities with cash flows					
Proceeds from non-current liabilities (+)	195.9		195.9		195.9
Payments of non-current liabilities (-)	-202.8		-202.8		-202.8
Payments of lease liabilities (-)	-35.1		-35.1		-35.1
Proceeds from current liabilities (+) and payments (-)		21.4	21.4		21.4
Change in cash and cash equivalents				105.9	-105.9
Change in net liabilities without cash flows					
Increases in lease liabilities (+)	44.5		44.5		44.5
Effect on change in exchange gains and losses	5.0	-2.5	2.5	2.3	0.2
Other changes without cash flows	2.9	0.2	3.2	—	3.2
Net book value on Dec 31, 2022	875.5	146.3	1,021.8	250.6	771.2

5.2 SHAREHOLDERS' EQUITY

SHARE CAPITAL AND TREASURY SHARES

EUR million	Number of shares outstanding (1,000)	Number of treasury shares (1,000)	Number of shares (1,000)	Book value of share capital	Book value of treasury shares
January 1, 2023	153,352	1,990	155,343	221.8	13.4
Treasury shares issued to the participants in the share incentive plan 2020–2022	254	-254	—	—	-1.7
Treasury shares issued to the Board of Directors	13	-13	—	—	-0.1
December 31, 2023	153,619	1,723	155,343	221.8	11.6
January 1, 2022	153,127	2,215	155,343	221.8	14.9
Treasury shares issued to the participants in the share incentive plan 2019–2021	221	-221	—	—	-1.5
Treasury shares issued to the Board of Directors	16	-16	—	—	-0.1
The shares returned by the participants from the share incentive plans	-13	13	—	—	0.1
December 31, 2022	153,352	1,990	155,343	221.8	13.4

Kemira Oyj has one class of shares. Each share entitles its holder to one vote at the Annual General Meeting. On December 31, 2023, the share capital was EUR 221.8 million and the number of shares was 155,342,557 including 1,722,725 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.

Kemira had possession of 1,722,725 (1,990,197) treasury shares on December 31, 2023. The average share price of the treasury shares was EUR 6.73, and they represented 1.1% (1.3%) of the share capital, and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 2.5 million (2.8).

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), and the value of the reserve will no longer change.

Fair value reserves

The fair value reserve is a reserve accumulated based on other shares measured at fair value and hedge accounting.

Other reserves

Other reserves originate from local legal requirements. On December 31, 2023, other reserves were EUR 4.1 million (4.0).

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 a specific decision, be recognized in share capital.

Exchange differences

The foreign currency exchange differences arise from the translation of foreign subsidiaries' financial statements. Additionally, loans have been granted to some foreign subsidiaries, and the exchange differences of these have been included in foreign currency exchange differences.

The Group's accounting policies

Treasury shares

Purchases of own shares (treasury shares), including the related costs, are deducted directly from equity in the Consolidated Financial Statements.

5.3. INTEREST-BEARING LIABILITIES

MATURITY OF INTEREST-BEARING LIABILITIES

2023, EUR million	2024	2025	2026	2027	2028	2029-	Book value, total
Loans from financial institutions	—	190.9	—	120.0	—	—	310.9
Bonds	199.6	—	—	—	193.9	—	393.5
Lease liabilities	27.6	20.0	16.6	11.5	7.8	38.0	121.4
Other non-current liabilities	6.1	1.0	16.0	—	—	—	23.2
Other current liabilities	88.8	—	—	—	—	—	88.8
Total amortizations of interest-bearing liabilities	322.1	211.9	32.6	131.5	201.7	38.0	937,8

2022, EUR million	2023	2024	2025	2026	2027	2028-	Book value, total
Loans from financial institutions	—	—	192.4	—	120.0	—	312.4
Bonds	—	199.9	—	—	—	191.2	391.0
Lease liabilities	30.9	24.6	17.9	13.8	8.7	53.0	148.9
Other non-current liabilities	22.4	0.8	—	—	—	—	23.2
Other current liabilities	146.3	—	—	—	—	—	146.3
Total amortizations of interest-bearing liabilities	199.6	225.2	210.2	13.8	128.7	244.2	1,021.8

At year-end 2023, the Group's interest-bearing net liabilities were EUR 535.2 million (771.2). For more information, see Note 5.1. Capital structure.

MATURITY OF NON-CURRENT INTEREST-BEARING LIABILITIES BY CURRENCY

2023 Currency, EUR million	2024	2025	2026	2027	2028	2029-	Book value, total
EUR	206.8	155.3	18.9	122.1	195.2	14.0	712.3
USD	12.4	52.4	10.4	8.3	5.9	19.4	108.7
GBP	0.9	0.5	0.2	0.0	—	1.7	3.3
Other	13.3	3.8	3.0	1.1	0.6	2.9	24.6
Total	233.3	211.9	32.6	131.5	201.7	38.0	849.0

2022 Currency, EUR million	2023	2024	2025	2026	2027	2028-	Book value, total
EUR	23.6	206.6	153.4	2.2	121.8	206.4	714.1
USD	15.8	12.4	52.9	9.4	6.3	24.3	121.1
GBP	0.7	0.8	0.6	0.3	0.1	10.1	12.7
Other	13.2	5.5	3.3	1.9	0.5	3.3	27.7
Total	53.4	225.2	210.2	13.8	128.7	244.2	875.5

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5.4. FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

FINANCIAL ASSETS

		2023					2022				
		Book	Fair values				Book	Fair values			
EUR million	Note	values	Level 1	Level 2	Level 3	Total	values	Level 1	Level 2	Level 3	Total
Fair value through profit and loss	5.6.										
Derivatives not qualifying for hedge accounting		3.6	—	3.6	—	3.6	13.3	—	13.3	—	13.3
Fair value through other comprehensive income	5.6.										
Derivatives qualifying for hedge accounting											
Cash flow hedges [1]		15.9	—	15.9	—	15.9	81.7	—	81.7	—	81.7
Other shares	3.5.										
The shares of Pohjolan Voima Group		303.9	—	—	303.9	303.9	380.6	—	—	380.6	380.6
Other non-listed shares		1.4	—	—	1.4	1.4	2.7	—	—	2.7	2.7
Amortized cost											
Other non-current assets [2]		6.3	—	6.3	—	6.3	6.6	—	6.6	—	6.6
Other current receivables [2]		0.3	—	0.3	—	0.3	0.3	—	0.3	—	0.3
Trade receivables [2]	4.2.	386.2	—	386.2	—	386.2	449.6	—	449.6	—	449.6
Cash and cash equivalents											
Cash in hand and at bank accounts		271.0	—	271.0	—	271.0	245.3	—	245.3	—	245.3
Deposits and money market investments [3]		131.5	—	131.5	—	131.5	5.3	—	5.3	—	5.3
Assets classified as held-for-sale [4]	3.7.	57.1	—	57.1	—	57.1	—	—	—	—	—
Total financial assets		1,177.2	—	871.9	305.3	1,177.2	1,185.4	—	802.1	383.3	1,185.4

1) Includes derivative contracts of EUR 1.6 million (24.4) maturing after the year 2024.
2) In 2023, other non-current assets and other current receivables include expected credit losses of EUR 0.2 million (0.4) in accordance with the IFRS 9 standard. Trade receivables include expected credit losses of EUR 4.8 million (5.3). Trade receivables are disclosed in more detail in Note 4.2. Trade receivables and other receivables.
3) Deposits and money market investments comprise bank deposits and other liquid investments with a maximum original maturity of three months.
4) In 2023, trade receivables amounting EUR 54.8 million and cash and cash equivalents EUR 2.2 million were reclassified as held-for-sale assets. These assets are used by the Oil & Gas business. Kemira has completed the divestment in February 2024. See Note 3.7. for further details regarding the held-for-sale assets.

FINANCIAL LIABILITIES

EUR million	Note	2023 Book values	2023 Fair values Level 1	2023 Fair values Level 2	2023 Fair values Level 3	2023 Fair values Total	2022 Book values	2022 Fair values Level 1	2022 Fair values Level 2	2022 Fair values Level 3	2022 Fair values Total
Fair value through profit and loss	5.6.										
Derivatives not qualifying for hedge accounting		4.1	—	4.1	—	4.1	2.3	—	2.3	—	2.3
Fair value through other comprehensive income	5.6.										
Derivatives qualifying for hedge accounting											
Cash flow hedges [1]		3.6	—	3.6	—	3.6	1.6	—	1.6	—	1.6
Amortized cost											
Interest-bearing liabilities	5.3.										
Non-current loans from financial institutions		311.3	—	312.7	—	312.7	312.4	—	312.2	—	312.2
Bonds		193.9	—	189.8	—	189.8	391.1	—	379.2	—	379.2
Current portion		199.6	—	200.2	—	200.2	—	—	—	—	—
Non-current leasing liabilities		93.9	—	93.9	—	93.9	118.0	—	118.0	—	118.0
Current portion		27.6	—	27.6	—	27.6	30.9	—	30.9	—	30.9
Other non-current liabilities		16.7	—	16.8	—	16.8	16.7	—	16.6	—	16.6
Current portion		6.1	—	6.3	—	6.3	6.5	—	6.8	—	6.8
Current loans from financial institutions		88.8	—	88.7	—	88.7	146.3	—	146.1	—	146.1
Non-interest-bearing liabilities											
Other non-current liabilities		8.7	—	8.7	—	8.7	9.3	—	9.3	—	9.3
Other current liabilities		26.2	—	26.2	—	26.2	45.5	—	45.5	—	45.5
Trade payables	4.3.	226.7	—	226.7	—	226.7	292.8	—	292.8	—	292.8
Liabilities classified as held-for-sale [2]	3.7.	45.6	—	45.6	—	45.6	0.4	—	0.4	—	0.4
Total financial liabilities		1,252.7	—	1,250.9	—	1,250.9	1,373.6	—	1,361.6	—	1,361.6

1) Includes derivative contracts of EUR -2.1 million (-0.0) maturing after the year 2024.

2) In 2023, lease liabilities amounting EUR 24.1 million and trade payables EUR 21.5 million were reclassified as held-for-sale assets. These liabilities are used by the Oil & Gas business. Kemira has completed the divestment in February 2024. In 2022, lease liabilities amounting EUR 0.4 million classified as assets held-for sale related to colorant business within the Pulp & Paper segment. See Note 3.7. for further details regarding the held-for-sale assets.

There were no transfers between levels 1–3 during the financial year.

Level 3 specification, financial assets EUR million	2023	2022
Net book value on Jan 1	383.3	260.0
Effect on other comprehensive income	-76.7	123.2
Increases	-0.3	—
Decreases	-1.0	—
Net book value on Dec 31	305.4	383.3

The Group's accounting policies

When a financial asset or 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.

Financial Assets

The Group's financial assets are classified for subsequent measurement as financial assets at fair value through profit or loss, at amortized cost and at fair value through other comprehensive income.

Category	Financial instrument
Fair value through profit or loss	Currency forward contracts, currency swaps, interest rate swaps, electricity derivative contracts and natural gas derivative contracts, certificates of deposit, and commercial papers
Amortized cost	Non-current loan receivables, cash at bank and in hand, bank deposits, trade receivables, and other receivables
Fair value through other comprehensive income	Other investments: shares, derivatives qualifying for hedge accounting (cash flow or fair value hedging)

Financial assets at fair value through income statements

All derivatives are recognized at fair value on the balance sheet. 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 IFRS 9 is not applied are classified as financial assets at fair value through profit or loss. In the balance sheet, these derivative contracts 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.

Financial assets at amortized cost

Financial assets at amortized cost include non-current receivables carried at amortized cost using the effective interest rate method and accounting for any impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and 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.

Financial assets at fair value through other comprehensive income

The accounting policy of Other shares is described in Notes 3.5. Other shares. The accounting treatment of change in the fair value of the derivatives qualifying for hedge accounting is presented in 5.6. Derivatives.

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 in accordance with the requirements of the expected credit loss model of the IFRS 9 standard. For items measured at an 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 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 accounted at fair value through profit or loss, at amortized cost and at fair value through other comprehensive income. Financial liabilities at fair value through profit or loss include derivatives to which hedge accounting is not applied, whereas derivatives which are qualified for hedge accounting are booked at fair value through other comprehensive income.

Other financial liabilities are initially recognized in the balance sheet at the initial value of received net assets with direct costs deducted. Later, these financial liabilities are measured at amortized cost, and the difference between the received net assets and amortizations is recognized as an interest cost over the loan term. Changes in the fair value of loans under fair value hedge accounting are booked in the income statement together with the changes in the fair value of derivatives under fair value hedge accounting.

If the terms of a loan measured at amortized cost are modified and the loan is not derecognized, the gain or loss of the modification is booked in the income statement at the point of modification and amortized over the life of the modified loan. Profit or loss is equal to the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate.

Category	Financial instrument
Financial liabilities at fair value through profit or loss	Currency forward contracts and currency swaps, interest rate swaps, electricity derivative contracts, and natural gas derivative contracts
Amortized cost	Current and non-current loans, pension loans, bonds, lease liabilities, and trade payables
Financial liabilities at fair value through other comprehensive income	Derivatives qualifying for hedge accounting (cash flow hedging)

The following levels are used to measure fair value:

Level 1: Fair value is determined based on quoted market prices.

Level 2: Fair value is determined with valuation techniques. Fair value refers either to the value that is observable from the market value of elements of the financial instrument or the market value of corresponding financial instruments, or to the value that is observable by using commonly accepted valuation models and techniques if the market value can be reliably measured 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 the inputs are not based on observable market data. Level 3 mainly includes the shares of Pohjolan Voima Group.

5.5 MANAGEMENT OF FINANCIAL RISKS

Kemira Group Treasury's objective is to ensure sufficient funding in the most cost efficient way, and to manage financial risks. Approved by the Board of Directors, treasury policy defines the principles of treasury management. 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, thereby contributing to safeguarding the Company's profit performance and shareholders' equity and to ensure sufficient sources of finance. Management of financial risks is centralized in the Group Treasury, which uses for hedging purposes derivative instruments whose market values and risks can be monitored continuously and reliably.

Foreign exchange risk

Foreign currency transaction risk arises from currency flows, assets, and liabilities denominated in currencies other than the domestic currency. Transaction risks arise from cash flows and balance sheet items where changes in exchange rates will have an impact on earnings and cash flows. Translation risk arises when the currency denominated income statement and balance sheet items of group companies located outside the euro area are consolidated into euro. The transaction risk is hedged mainly using foreign currency forwards.

The Group's most significant transaction currency risks arise from the US dollar, the Chinese renminbi, the Canadian dollar and Swedish krona. At the end of the year, the US dollar denominated exchange rate risk against EUR had an equivalent value of approximately EUR 132 million (54), the average hedging rate and hedging ratio being 1.09 and 56% (68%), respectively. The Chinese renminbi denominated exchange rate risk was approximately EUR 115 million (86), the average hedging rate and hedging ratio being 7.77 and 69% (68%), respectively. The Canadian dollar denominated exchange rate risk was approximately EUR 56 million (56), the average hedging rate and hedging ratio being 1.47 and 56% (52%), respectively. The denominated exchange rate risk of the Swedish krona against EUR had an equivalent value of approximately EUR 35 million (36), the average hedging rate and hedging ratio being 11.55 and 73% (64%), respectively.

In addition, Kemira is exposed to smaller transaction risks against EUR mainly in relation to Korean won, the Danish krona, Polish zloty and the Norwegian krona and against USD mainly in relation to the Canadian dollar and the Brazilian real with the annual exposure in those currencies being approximately EUR 152 million.

	2023				2022			
Transaction exposure, the most significant currencies, EUR million	**USD against EUR**	**CNY against EUR**	**CAD against EUR**	**SEK against EUR**	**USD against EUR**	**CNY against EUR**	**CAD against EUR**	**SEK against EUR**
Operative cash flow forecast, net [1]	131,8	-115,1	55,5	-35,3	54,2	-86,4	55,7	-35,8
Loans, net	390,8	57,6	0,0	-9,3	411,9	59,9	13,6	-15,8
Derivatives, operative cash flow hedging, net	-74,5	82,8	-39,9	25,3	-31,0	63,6	-29,5	26,2
Derivatives, hedging of loans, net	-180,1	-57,6	0,0	9,9	-170,6	-59,2	-13,5	16,6
Total	268,0	-32,3	15,6	-9,4	264,4	-22,1	26,3	-8,8

1) Based on a 12-month foreign currency operative cash flow forecast.

At the end of 2023, the foreign currency operative cash flow forecast for 2024 was EUR 542 million of which 61% was hedged (58%). The hedge ratio is monitored daily. A minimum of 40% and a maximum of 100% of the forecast flow must always be hedged. A 10 percent strengthening of the euro against the Swedish krona, based on the exchange rates as of December 31, 2023 and without hedging, would increase EBITDA approximately EUR 4 million, and a 10 percent strengthening of the euro against the Chinese renminbi without hedging would increase EBITDA approximately EUR 12 million. Whereas, a 10 percent strengthening of the euro against the Canadian dollar and the US dollar without hedging would cause a EUR 6 and 13 million negative impact on EBITDA, respectively. A corresponding decrease in the exchange rates would have approximately an equal opposite impact.

On the balance sheet date, the market value of currency derivatives included in cash flow hedge accounting was EUR 4.7 million (0.3). Cash flow hedge accounting deals have been done to hedge highly probable currency flows. In 2023, no ineffectiveness in derivatives under hedge accounting was recognized in the Income statement (-).

The most significant translation risk currencies are the US dollar, the Canadian dollar, the Swedish krona, the Polish zloty, the Brazilian real and the Chinese renminbi.

Kemira's main equity items denominated in foreign currencies are in the Canadian dollar, 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. Long-term loans and currency derivatives can be used for hedging net investments in foreign subsidiaries. These hedges do not apply to hedge accounting. Loans in US dollars have been granted to some foreign subsidiaries and currency differences have been included in foreign currency translation differences.

Interest rate risk

Kemira is exposed to interest rate risks through interest-bearing loans and derivatives. Movements in interest rates creates re-pricing and price risks generating fluctuation in cash flows and fair values of loans and derivatives. A total of 77% (83%) of the Group's entire net debt portfolio including lease liabilities was fixed at the end of 2023. The net financing cost of the Group was 5.6% (4.2%). The net financing cost 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, the US dollar and the Chinese renminbi.

In accordance with treasury policy, the Group's interest rate risk is measured with the duration which describes the average repricing moment of the loan portfolio excluding lease liabilities. The duration must be in the range of 6–60 months. The Kemira Group Treasury manages duration by borrowing with fixed and floating rate loans in addition to the interest rate derivatives. On the balance sheet date, the Group had no outstanding interest rate derivatives. The duration of the Group's interest-bearing loan portfolio excluding lease liabilities was 16 months (22) at the end of 2023. On the balance sheet date, the average interest rate of the loan portfolio was approximately 2.8% (2.4%).

During 2024, Kemira will reprice 30% (21%) of the Group's net debt portfolio as shown in the table below.

2023 Time to interest rate fixing, EUR million	<1 year	1–5 years	> 5 years	Total
Floating net liabilities	123.8	—	—	123.8
Fixed net liabilities [1]	—	290.0	—	290.0
Total	123.8	290.0	—	413.8

2022 Time to interest rate fixing, EUR million	<1 year	1–5 years	> 5 years	Total
Floating net liabilities	132.3	—	—	132.3
Fixed net liabilities [1]	—	290.0	200.0	490.0
Total	132.3	290.0	200.0	622.3

1) Excluding lease liabilities.

If interest rates rose by one percentage point on January 1, 2024, the resulting net interest expenses before taxes resulting from loans, cash, deposits, and money market investments over the next 12 months would decrease by approximately EUR 0.5 million (-0.3). Consequently, a decrease of one percentage point would increase net interest expenses by EUR 0.5 million.

Commodity price risk

Kemira Group is exposed to commodity market price variation, mainly from the price of electricity. Kemira Group takes hedging measures with respect to its commodity purchases in order to even out its 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. Hedging policy aims to minimize the cash flow risk of electricity and natural gas purchases.

The price of electricity varies greatly according to the market situation. The company primarily uses electricity derivatives as hedging instruments. Regional price risks in Finland and Sweden are hedged. The outstanding electricity derivatives are treated in accordance with cash flow hedge accounting. The forecast for physical deliveries of the underlying assets, or purchases, are not recorded until the delivery period. A +/- 10% change in the market price of electricity hedging contracts outstanding at year end would impact the valuation of these contracts EUR +/- 3.6 million (+/- 11.9). This impact would be in equity.

In addition to the electricity derivatives, the Group manages the price risk of electricity by entering into long-term electricity sourcing agreements. The Group also has shares of 5% of Pohjolan Voima Oy (PVO) and 1% share of Teollisuuden Voima Oy. More information on the share ownership can be found in Note 3.5.

Natural gas price risk is hedged with derivative contracts. The outstanding natural gas derivatives are treated in accordance with cash flow hedge accounting. A +/- 10% change in the market price of natural gas hedging contracts outstanding at year end would impact the valuation of these contracts EUR +/- 0.0 million (-). This impact would be in equity.

Credit risk

The Group is exposed to credit risks through commercial accounts receivables, as bank account balances, deposits, short-term investments, and derivatives.

The Group's treasury policy defines the credit rating requirements for the 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 solid credit rating, as well as by spreading agreements among them. Counterparty risk is being monitored on a regular basis.

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 approves the new banking relationships of subsidiaries. Financial institution counterparties, used by the Group Treasury, have a credit rating of at least an 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 414.8 million (342.5). 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. Kemira has defined an approved limit for each financial institution.

No material changes related to the Group's credit risk were associated with financing transactions in the year 2023 and these transactions did not result in credit losses during the financial year.

Kemira has a group-wide credit policy related to commercial activities. According to the policy, each customer has a predefined risk category and credit limit. These are constantly monitored. Based on the customer evaluation, Kemira decides the applicable payment terms to minimize credit risks. Pre-approved payment terms have been defined at the group level. If necessary, securities and documentary credit, such as letters of credit, are applied. The Group does not have any significant credit risk concentrations due to its extensive customer base across the world. The credit losses related to trade receivables are described in Note 4.2.

In the USA, Kemira has an accounts receivable purchase facility worth USD 75 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 financial institutions and 95.1% of the receivables transferred are derecognized from the balance sheet. The amount of outstanding receivables transferred, which also reflects the fair value of the receivables before the transfer was EUR 30.5 million (60.3) on December 31, 2023. The amounts recognized in the balance sheet are EUR 4.6 million (4.3) in assets and EUR 0.9 million (1.4) in liabilities.

Liquidity and refinancing risks

Kemira's liquidity is secured with cash and cash equivalents, account overdrafts and a revolving credit facility. At the end of 2023, the Group's cash and cash equivalents stood at EUR 402.5 million (250.6), of which cash in bank accounts accounted for EUR 271.0 million (245.3) and bank deposits EUR 131.5 million (5.3). In addition, the Group has a revolving credit facility of EUR 400 million linked to sustainability targets which will mature on April 17, 2026. At the turn of the year 2023/2024, the revolving credit facility was undrawn.

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 2023, the Group did not have commercial papers outstanding on the market (30).

Kemira manages its refinancing risk with a diversified loan portfolio. Long-term financing consists of bonds and bilateral loan agreements with several financial institutions. In addition, the Group had leasing liabilities in accordance with the IFRS 16 standard of EUR 121.4 million (148.9) at the end of the year.

According to Group treasury policy, 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. The average maturity of outstanding loans excluding lease liabilities may temporarily be under the 3-year minimum target. The average maturity of debt excluding lease liabilities at the end of 2023 was 2.5 years (3.2).

LOAN REPAYMENTS

2023 Loan type, EUR million [1]	Undrawn	2024	2025	2026	2027	2028	2029-	Total drawn
Loans from financial institutions	—	—	191.2	—	120.0	—	—	311.2
Bonds	—	200.0	—	—	—	200.0	—	400.0
Revolving credit facility	400.0	—	—	—	—	—	—	—
Lease liabilities	—	33.9	26.1	19.8	13.9	9.5	37.1	140.2
Commercial paper program	600.0	—	—	—	—	—	—	—
Other interest-bearing non-current liabilities	—	6.1	1.0	16.0	—	—	—	23.2
Other interest-bearing current liabilities	—	88.8	—	—	—	—	—	88.8
Total interest-bearing liabilities	1,000.0	328.8	218.3	35.8	133.9	209.5	37.1	963.4

2022 Loan type, EUR million [1]	Undrawn	2023	2024	2025	2026	2027	2028-	Total drawn
Loans from financial institutions	—	—	—	192.8	—	120.0	—	312.8
Bonds	—	—	200.0	—	—	—	200.0	400.0
Revolving credit facility	400.0	—	—	—	—	—	—	—
Lease liabilities	—	39.4	30.7	22.3	16.9	11.4	78.2	198.8
Commercial paper program	570.0	30.0	—	—	—	—	—	30.0
Other interest-bearing non-current liabilities	—	15.9	0.8	—	—	—	—	16.7
Other interest-bearing current liabilities	—	123.0	—	—	—	—	—	123.0
Total interest-bearing liabilities	970.0	208.3	231.4	215.1	16.9	131.4	278.2	1,081.3

1) Loan structure presented by type and maturity using contractual undiscounted payments.

Kemira

5.6 DERIVATIVE INSTRUMENTS

	Maturity structure					2023	2022
Nominal values, EUR million	2024	2025	2026	2027	2028	Total	Total
Currency derivatives							
Forward contracts	789.6	—	—	—	—	789.6	619.9
Inflow	440.2	—	—	—	—	440.2	350.5
of which cash flow hedges	48.7	—	—	—	—	48.7	32.4
Outflow	349.3	—	—	—	—	349.3	269.4
of which cash flow hedges	217.1	—	—	—	—	217.1	39.2
Commodity derivatives							
Commodity forward contracts (GWh)	372.8	182.7	67.9	14.5	—	637.8	1,129.3
of which cash flow hedges	372.8	182.7	67.9	14.5	—	637.8	1,129.3

The nominal values of the financial instruments do not necessarily correspond to the actual cash flows between the counterparties, and therefore individual items do not give a fair view of the Group's risk position.

	2023			2022		
Fair values, EUR million	Positive	Negative	Net	Positive	Negative	Net
Currency derivatives						
Forward contracts	8.4	-4.2	4.2	15.0	-3.6	11.3
of which cash flow hedges	4.8	-0.1	4.7	1.7	-1.4	0.3
Commodity derivatives						
Commodity forward contracts [1]	11.2	-3.5	7.7	80.0	-0.2	79.8
of which cash flow hedges	11.2	-3.5	7.7	80.0	-0.2	79.8

1) Includes fair value of electricity forward contracts of EUR 1.6 million (24.4) and EUR -2.1 million (-0.0) maturing after the year 2024. Commodity derivatives are mainly electricity derivatives.

The Group has ISDA or EFET Master netting agreements with the counterparties of derivative contracts. They allow the net settlement of outstanding market value within the scope of the agreement in case of non-payment defined in the agreement. At the end of the reporting period, counterparty risk according to master netting agreements was EUR 15.4 million (91.9) to Kemira and EUR 3.5 million (0.8) to counterparties.

The Group's accounting policies

Derivatives

The fair values of currency, interest rate, and commodity derivatives, as well as publicly traded shares are based on prices quoted in active markets on the balance sheet date. The value of other financial instruments measured at fair value is determined on the basis of valuation models using information available in the financial market.

All the derivatives are measured at their fair values on the balance sheet date. 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.

Derivative assets maturing during the following 12 months are presented in the balance sheet as part of line item Trade receivables and other receivables whereas derivatives with a maturity of over 12 months are posted to Other financial assets under Non-current assets . Derivative liabilities maturing under 12 months are presented in the balance sheet as part of line item Trade payables and other liabilities where as fair value of derivatives with maturity after 12 months are posted under Non-current liabilities to Other financial liabilities.

Hedge accounting

Hedge accounting is applied according to IFRS 9. This 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. Hedged items must be highly probable. The Group applies hedge accounting for hedging interest rate risk, currency risk, commodity risk, and fair value if interest rate swaps, electricity derivatives and foreign exchange derivatives meet hedge accounting criteria.

Hedge effectiveness is monitored as required by IFRS 9. 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.

Hedge effectiveness is assessed prospectively. Hedge effectiveness testing 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 are recognized directly in the income statement.

At the inception of a hedge, the Group documents the existence of the economic relationship of the hedged item and hedging instrument, 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. Currency, interest rate, and commodity derivatives are used as hedging instruments in cash flow hedging. Cash flow hedge accounting, specified in IFRS 9, is applied by the Group to selected hedging items only. 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.

6. Group structure

6.1 RELATED PARTIES

Parties are considered to be related if one party has the ability to control or exercise significant influence on the other party, or if the parties 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 Board, the CEO and his Deputy, and their immediate family members.

EMPLOYEE BENEFITS PAID TO THE CEO, THE INTERIM CEO, CEO'S DEPUTY AND MEMBERS OF THE MANAGEMENT BOARD

EUR	Salaries and other benefits	Bonuses	Share-based payments [1]	2023 Total	2022 Total
Interim CEO Petri Castrén (since 18 July 2023) [2]	228,722	—	—	228,722	—
CEO Jari Rosendal (until 11 July 2023) [3]	560,532	637,720	3,176,802	4,375,054	1,453,573
CEO's Deputy Jukka Hakkila [4]	197,416	100,114	311,285	608,815	424,703
Other members of Management Board [5] [6]	2,077,802	833,528	1,928,214	4,839,544	3,622,495
Total	2,835,749	1,571,362	5,416,301	9,823,412	5,500,771

1) Includes share and cash portions. Share-based incentive plans for the management and key personnel are disclosed in Note 2.3. Share-based payments.

2) Includes benefits related to Petri Castrén since 18 July 2023.

3) The CEO Jari Rosendal left on sick leave on July 11, 2023 and he died after a short illness on July 31, 2023. The final salary and ongoing incentive plans 2020-2022, 2021-2023 and 2022-2024 were paid in cash in accordance with the terms of the plans to his death estate. These are included in the figures disclosed in 2023.

4) Jukka Hakkila acted as CEO's Deputy from July 11 to July 17, 2023. No remuneration was paid to the CEO's Deputy based on CEO substitution.

5) Other members of the Management Board on December 31, 2023 are EVP Strategy Linus Hildebrandt, CTO Matthew R. Pixton, EVP Operational Excellence Esa-Matti Puputti, President Segment Industry & Water Tuija Pohjolainen-Hiltunen, President Segment Pulp & Paper Antti Salminen and EVP Human Resources Eeva Salonen. Other members of the Management Board who are employed by a Finnish Kemira company do not have any supplementary pension arrangements in addition to their statutory pensions. The members of the Management Board who are employed by a foreign Kemira company participate in the pension systems based on statutory pension arrangements and market practices. The Kemira policy is that all new supplementary pension arrangements are defined contribution plans.

6) Includes benefits related to Petri Castrén until 17 July 2023.

Employment terms and conditions of the Interim CEO

Remuneration of the Interim CEO comprises a monthly salary including a car benefit and a mobile phone benefit and performance-based incentives. The performance-based incentives consist of an annual short-term bonus plan and a long-term share incentive plan. The annual short-term bonus plan is based on terms approved by the Board of Directors and the maximum bonus is 80% of the annual base salary. The long-term share incentive plan is based on the terms of the plan. The maximum reward is based on his main position as CFO and it is determined as a number of shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.

The Interim CEO 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. No supplementary pension has been offered to the Interim CEO.

The mutual termination notice period is 6 months. The Interim CEO is entitled to a severance pay of 6 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.

The Board of Directors' emoluments

On March 22, 2023, the Annual General Meeting decided that the Board of Directors' annual fee shall be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with Kemira shares owned by the company or, if this is not possible, then with Kemira shares acquired from the securities market, and 60% is paid in cash. On May 10 and 19, 2023 the 13,097 shares owned by the company were distributed to the members of the Board of Directors.

There are no special terms or conditions associated with owning the shares received as the annual fee. The members of the Board of Directors are not eligible for any of Kemira Oyj's short-term bonus plans, long-term share incentive plans or supplementary pension plans.

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 [5]	2023 Total, EUR	2022 Total, EUR
Matti Kähkönen, Chair	3,019	47,644	80,556	128,200	119,600
Annika Paasikivi, Vice Chair	1,714	27,049	49,551	76,600	71,600
Wolfgang Büchele (until March 22, 2023)	—	—	5,400	5,400	59,600
Shirley Cunningham (until March 22, 2023)	—	—	—	—	62,600
Tina Sejersgård Fanø (since March 24, 2022)	1,330	20,989	43,011	64,000	54,200
Werner Fuhrmann	1,330	20,989	45,411	66,400	59,600
Timo Lappalainen	1,714	27,049	52,551	79,600	77,600
Fernanda Lopes Larsen (since March 22, 2023)	1,330	20,431	43,569	64,000	—
Kristian Pullola	1,330	20,989	41,811	62,800	59,000
Jari Paasikivi, Chair (until March 24, 2022)	—	—	—	—	3,600
Mikael Staffas (since March 22, 2023)	1,330	20,989	38,211	59,200	—
Total	13,097	206,132	400,068	606,200	567,400

5) Includes both annual fees and meeting fees.

TRANSACTIONS CARRIED OUT WITH RELATED PARTIES

EUR million	2023	2022
Revenue		
Associated companies	0.0	0.1
Leases, purchases of goods and services		
Associated companies	31.6	25.3
Pension Fund Neliapila	0.8	0.7
Total	32.4	25.9
Receivables		
Associated companies	5.7	0.0
Liabilities		
Associated companies	7.2	4.4
Pension Fund Neliapila	0.7	1.4

Real estate owned by Pension Fund Neliapila is leased to the Group. Commitments for these real estate leases are treated in accordance with IFRS 16 Leases.

Related parties include Pension Fund Neliapila, which is a separate legal entity. Neliapila manages Kemira's voluntarily organized additional pension fund. It also manages part of the pension assets of the Group's personnel in Finland. The assets include Kemira Oyj's shares representing 0.07% of the company's outstanding shares. Supplementary benefit in Neliapila and surplus return are disclosed in more detail in Note 4.5. Defined benefit pension plans and employee benefits.

The amount of contingent liabilities on behalf of the associates are presented in Note 7.1. Commitments and contingent liabilities.

There were no loans granted to key management personnel at the end of 2023 or 2022, nor were there contingency items or commitments on behalf of key management personnel. Persons close to key management personnel do not have any significant business relationship with the Group.

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6.2 THE GROUP'S SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

SUBSIDIARIES

	City	Country	Kemira Group's holding, %	Kemira Oyj's holding, %	Non-controlling interest's holding, %
Kemira Oyj (parent company)	Helsinki	Finland			
Aliada Quimica de Portugal Lda.	Estarreja	Portugal	50.1	0.0	49.9
AS Kemivesi	Lehmja Küla	Estonia	100.0	100.0	0.0
Corporación Kemira Chemicals de Venezuela, C.A.	Caracas	Venezuela	100.0	0.0	0.0
Industry Park i Helsingborg Förvaltning AB	Helsingborg	Sweden	100.0	0.0	0.0
JSC "Kemira HIM"	St. Petersburg	Russia	100.0	0.0	0.0
Kemifloc a.s.	Přerov	Czech Republic	51.0	0.0	49.0
Kemifloc Slovakia s.r.o.	Prešov	Slovakia	51.0	0.0	49.0
Kemipol Sp. z.o.o.	Police	Poland	51.0	0.0	49.0
Kemira (Asia) Co., Ltd.	Shanghai	China	100.0	0.0	0.0
Kemira (Jining) Environmental Engineering Co., Ltd.	Jining	China	100.0	0.0	0.0
Kemira (Thailand) Co., Ltd.	Bangkok	Thailand	100.0	0.0	0.0
Kemira (Vietnam) Company Limited	Long Thanh	Vietnam	100.0	0.0	0.0
Kemira Argentina S.A.	Buenos Aires	Argentina	100.0	15.8	0.0
Kemira Australia Pty Ltd	Hallam	Australia	100.0	0.0	0.0
Kemira Cell Sp. z.o.o.	Ostroleka	Poland	55.0	55.0	45.0
Kemira Chemicals (Nanjing) Co., Ltd.	Nanjing	China	100.0	100.0	0.0
Kemira Chemicals (Shanghai) Co., Ltd.	Shanghai	China	100.0	100.0	0.0
Kemira Chemicals (UK) Ltd.	Bradford	United Kingdom	100.0	100.0	0.0
Kemira Chemicals (Yanzhou) Co., Ltd.	Yanzhou City	China	100.0	100.0	0.0
Kemira Chemicals AS	Gamle Fredrikstad	Norway	100.0	0.0	0.0
Kemira Chemicals Brasil Ltda.	São Paulo	Brazil	100.0	99.9	0.0
Kemira Chemicals Canada Inc.	St. Catharines	Canada	100.0	100.0	0.0
Kemira Chemicals Germany GmbH	Frankfurt am Main	Germany	100.0	0.0	0.0
Kemira Chemicals Korea Corporation	Gunsan-City	South Korea	100.0	100.0	0.0
Kemira Chemicals NV	Aartselaar	Belgium	100.0	0.0	0.0
Kemira Chemicals Oy	Helsinki	Finland	100.0	0.0	0.0
Kemira Chemicals Pte. Ltd.	Singapore	Singapore	100.0	0.0	0.0
Kemira Chemicals, Inc.	Atlanta, GA	United States	100.0	60.8	0.0
Kemira Chemie GesmbH	Krems	Austria	100.0	100.0	0.0
Kemira Chile Comercial Limitada	Santiago	Chile	100.0	99.0	0.0
Kemira Chimie S.A.S.U.	Strasbourg	France	100.0	0.0	0.0
Kemira Europe Oy	Helsinki	Finland	100.0	100.0	0.0
Kemira Gdańsk Sp. z o.o.	Gdańsk	Poland	100.0	0.0	0.0
Kemira Germany GmbH	Frankfurt am Main	Germany	100.0	100.0	0.0
Kemira Hong Kong Company Limited	Hong Kong	China	100.0	100.0	0.0
Kemira Ibérica S.A.	Barcelona	Spain	100.0	0.0	0.0
Kemira International Finance B.V.	Rotterdam	Netherlands	100.0	100.0	0.0
Kemira Italy S.p.A.	San Giorgio di Nogaro	Italy	100.0	0.0	0.0
Kemira Japan Co., Ltd.	Tokyo	Japan	100.0	0.0	0.0
Kemira Kemi AB	Helsingborg	Sweden	100.0	0.0	0.0

	City	Country	Kemira Group's holding, %	Kemira Oyj's holding, %	Non-controlling interest's holding, %
Kemira Kopparverket KB	Helsingborg	Sweden	100.0	0.0	0.0
Kemira KTM d.o.o.	Ljubljana	Slovenia	100.0	100.0	0.0
Kemira Research Center Shanghai Co., Ltd.	Shanghai	China	100.0	100.0	0.0
Kemira Rotterdam B.V.	Rotterdam	Netherlands	100.0	0.0	0.0
Kemira South Africa (Pty) Ltd.	Weltevreden park	South Africa	100.0	0.0	0.0
Kemira Świecie Sp. z.o.o.	Swiecie	Poland	100.0	100.0	0.0
Kemira Taiwan Corporation	Taipei	Taiwan	100.0	0.0	0.0
Kemira TC Wanfeng Chemicals (Yanzhou) Co., Ltd.	Yanzhou City	China	80.0	0.0	20.0
Kemira Uruguay S.A.	Fray Bentos	Uruguay	100.0	0.0	0.0
Kemira Water Danmark A/S	Copenhagen	Denmark	100.0	100.0	0.0
Kemira Water Solutions Canada Inc.	Varennes	Canada	100.0	0.0	0.0
Kemira Water Solutions, Inc.	Atlanta, GA	United States	100.0	0.0	0.0
Kemwater ProChemie s.r.o.	Bradlec	Czech Republic	95.1	0.0	4.9
PT Kemira Chemicals Indonesia	Pasuruan	Indonesia	99.8	99.8	0.2
PT Kemira Indonesia	Surabaya	Indonesia	100.0	76.2	0.0
SimAnalytics Oy	Helsinki	Finland	100.0	100.0	0.0

ASSOCIATES

	City	Country	Kemira Group's holding, %	Kemira Oyj's holding, %
Honkalahden Teollisuuslaituri Oy	Lappeenranta	Finland	50.0	0.0
Kemira Yongsan Chemicals Co., Ltd [1]	Seoul	South Korea	35.0	0.0

1) This associate produces dry polyacrylamide and cationic monomer, which are used for retention and drainage in packaging and paper production, as well as in wastewater treatment and in sludge dewatering.

INVESTMENTS IN ASSOCIATES

EUR million	2023	2022
Net book value on Jan 1	5.1	4.8
Additions	0.0	0.0
Decreases	0.0	0.0
Share of the profit/loss for the period	0.1	0.3
Exchange rate differences	-0.3	0.0
Net book value on Dec 31	4.8	5.1

A summary of the associates' financial information is presented in the following table. The presented figures equal the figures in the financial statements of the each associate, not the portion of Kemira Group.

EUR million	2023	2022
Assets	52.3	59.0
Liabilities	38.6	44.8
Revenue	33.4	25.3
Profit (+) / loss (-) for the period	0.6	0.8

Related party transactions carried out with associates are disclosed in Note 6.1. Related parties.

NON-CONTROLLING INTERESTS

EUR million	2023	2022
Net book value on Jan 1	14.7	13.9
Dividends	-8.3	-6.9
Share of the profit for the period	12.2	8.0
Exchange rate differences	0.8	-0.3
Net book value on Dec 31	19.4	14.7

CHANGES IN THE GROUP STRUCTURE

New subsidiaries acquired and established

- Kemira acquired the remaining 90% share of SimAnalytics Oy on January 24, 2023.
- Kemira established a new company Kemira Chemicals Pte. Ltd on February 8, 2023 to Singapore.
- Kemira established a new company KEMIRA (MALAYSIA) SDN.BHD on January 1, 2023 to Malaysia.

Changes in the holdings on group companies with the Group

- Kemira Water Solutions Brasil and Kemwater Brasil Ltda merged with and into Kemira Chemicals Brasil Ltda on June 30, 2023.

7. Off-balance sheet items

7.1 COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS

EUR million	2023	2022
Guarantees		
On behalf of own commitments	109.5	108.4
On behalf of associates	11.7	12.5
On behalf of others	2.7	2.5
Other obligations		
On behalf of own commitments	0.7	0.7
On behalf of others	0.0	16.3

The most significant off-balance sheet investments commitments

On December 31, 2023, major amounts of contractual commitments for the acquisition of property, plant, and equipment were EUR 6.0 million (42.8) for plant investments.

In addition, the Group has a lease commitment related to the R&D Center to be constructed in Finland, with a value of EUR 46.5 million.

Litigation

While the Group is involved in some legal proceedings, such as litigations, arbitrations, administrative and tax proceedings incidental to its global operations, the Group does not expect that the outcome of any of these legal proceedings will have a materially adverse effect upon its consolidated results or financial position.

The Group's accounting policies

Contingent liabilities

A 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 concerns a present obligation which will most probably not require an outflow of resources embodying economic benefits to settle the obligation; or when the amount of the obligation cannot be measured with sufficient reliability. Contingent liability is disclosed in the notes.

7.2 EVENTS AFTER THE BALANCE SHEET DATE

On February 2, 2024, Kemira announced that it had closed the divestment of its Oil & Gas related portfolio. Approximately 250 employees will transfer to the buyer as part of the transaction, which includes Kemira's manufacturing facilities in Mobile, Columbus and Aberdeen in the United States and the novel liquid polymer (NLP) manufacturing assets in Botlek, the Netherlands. The closing of the Teesport manufacturing facility in the United Kingdom is expected to happen later, subject to site-specific closing conditions.

Kemira Oyj's Income Statement

Thousand EUR	Note	1.1.–31.12.2023	1.1.–31.12.2022
Revenue	2	2,030,416	2,206,658
Change in inventory of finished goods and in work in progress +/-	4	-60,079	64,334
Other operating income	3	3,262	3,435
Materials and services	4	-1,077,936	-1,413,093
Personnel expenses	5	-68,544	-48,372
Depreciation, amortization and impairments	6	-23,738	-22,273
Other operating expenses	7	-631,371	-592,545
Operating profit		172,010	198,144
Financial income and expenses	8	-24,926	172,737
Profit before appropriations and taxes		147,084	370,881
Appropriations	9	-2,739	-12,303
Income taxes	10	-40,154	-43,844
Profit for the financial year		104,191	314,734

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Kemira Oyj's Balance Sheet

Thousand EUR	Note	31.12.2023	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11	51,537	58,208
Tangible assets	12	36,383	35,277
Investments	13		
Holdings in Group undertakings		1,090,711	1,049,503
Receivables from Group companies		445,180	552,996
Other shares and holdings		98,339	99,609
Other investments		6,127	6,127
Total investments		1,640,357	1,708,236
Total non-current assets		1,728,277	1,801,721
CURRENT ASSETS			
Inventories	14	141,366	213,498
Non-current receivables	15		
Deferred tax assets		15,595	15,446
Loan receivables		400	400
Other receivables		1,608	21,107
Total non-current receivables		17,603	36,952
Current receivables	15	460,922	570,083
Money market investments	16	119,822	0
Cash and cash equivalents		215,787	194,464
Total current assets		955,499	1,014,997
Total assets		2,683,777	2,816,718

Thousand EUR	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES	17		
Share capital		221,762	221,762
Share premium account		257,878	257,878
Fair value reserve		9,961	56,764
Unrestricted equity reserve		199,964	199,964
Retained earnings		409,525	188,104
Profit for the financial year		104,191	314,734
Total equity		1,203,281	1,239,207
APPROPRIATIONS	18	15,837	13,098
PROVISIONS	19	52,957	52,230
LIABILITIES			
Non-current liabilities	20		
Deferred tax liabilities		2,581	14,191
Other non-current liabilities		525,786	726,122
Total Non-current liabilities		528,367	740,313
Current liabilities	21	883,335	771,871
Total liabilities		1,411,702	1,512,184
Total equity and liabilities		2,683,777	2,816,718

Kemira Oyj's Cash Flow Statement

Thousand EUR	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	104,191	314,734
Adjustments for		
Depreciation according to plan	23,738	22,273
Unrealized exchange differences (net)	8,733	-20,748
Financial income and expenses (+/-)	24,926	-172,737
Income taxes	40,154	43,844
Other adjustments (+/-)	4,070	8,627
Operating profit before change in working capital	205,814	195,993
Change in working capital		
Increase (-) / decrease (+) in non-interest-bearing current receivables	18,283	-99,503
Increase (-) / decrease (+) in inventories	70,237	-73,494
Increase (+) / decrease (-) in short-term interest-free debts	-46,073	27,598
Change in working capital	42,448	-145,399
Cash generated from operations before financial items and taxes	248,261	50,595
Interest and other finance costs paid	-33,531	-24,113
Interest and other finance income received	78,136	35,083
Realized exchange differences (net)	11,591	22,184
Dividends received	39,621	137,389
Income taxes paid	-59,530	-4,929
Net cash from operating activities	284,549	216,208

Thousand EUR	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of subsidiary shares	-6,476	0
Acquisitions of other investments	0	-1
Purchases of intangible assets	-10,244	-14,330
Purchases of tangible assets	-7,987	-8,858
Proceeds from sale of subsidiary shares	28,259	0
Proceeds from sale of investments	400	0
Proceeds from sale of tangible and intangible assets	0	2,489
Increase (-) / decrease (+) in loan receivables	-9,131	51,637
Net cash used in investing activities	-5,178	30,937
Cash flows before financing	279,371	247,145
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current liabilities (+)	127	195,910
Repayment of non-current liabilities (-)	0	-150,000
Short-term financing, net increase (+) / decrease (-)	-35,730	-14,456
Dividends paid	-95,236	-88,942
Group contribution paid	-9,000	-70,500
Net cash used in financing activities	-139,839	-127,988
Net increase (+) / decrease (-) in cash and cash equivalents	139,532	119,157
Cash and cash equivalents on Dec 31	335,609	194,464
Exchange gains (+) / losses (-) on cash and cash equivalents	1,612	1,201
Cash and cash equivalents on Jan 1	194,464	74,107
Net increase (+) / decrease (-) in cash and cash equivalents	139,532	119,157

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Notes to the Parent Company 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 applies the Group's accounting policies whenever it has been possible according to FAS.

COMPARABILITY OF FINANCIAL STATEMENTS

Kemira Oyj divested the colorant business on May 4, 2023, which affects the comparability of the revenue and related expenses between financial periods. Revenue of the colorant business totaled EUR 5.6 million (EUR 18.4 million) during the financial year.

VALUATION AND ALLOCATION PRINCIPLES

VALUATION OF NON-CURRENT ASSETS

Planned depreciation and any impairment losses have been deducted from the acquisition cost of the intangible and tangible assets entered in the balance sheet. The acquisition cost includes the variable costs of acquisition and manufacturing. Government grants received are recognized as a deduction from the carrying amount of property, plant, and equipment. Planned depreciation is calculated on a straight-line basis over the estimated intangible and tangible asset's useful life. Depreciation starts from the month of commencement of use.

Depreciation periods:

Other intangible assets 5–10 years
Buildings and structures 20–40 years
Machinery and equipment 3–15 years

Shares of non-current assets are valued at their acquisition cost or less impairment.

VALUATION OF INVENTORY

Inventories are stated at cost, at the lower of replacement cost, or probable selling price. In addition to variable costs, the cost of inventories includes a portion of the fixed costs of acquisition and manufacturing. The acquisition cost of the raw material inventory are determined using a weighted average cost formula. The acquisition cost of finished goods and work in progress include the proportion of production overheads at normal capacity.

VALUATION OF FINANCIAL INSTRUMENTS

The hedging of financial risk of Kemira Group is concentrated in Kemira Oyj, which enters into currency, interest rate, and commodity derivatives with third parties. Changes in the fair value of currency derivatives that are applicable for hedge accounting in the Group, but not in the parent company (as underlying hedged item are with group companies) are entered in the profit and loss. Also, changes in the fair value of other currency derivatives not qualifying for hedge accounting in the Group, hedging commercial purchases, or sales or financial items in foreign currencies are entered in the profit and loss. Changes in the fair value of interest rate derivatives are recorded as financial items in both hedge accounting and non-hedge accounting. Commodity derivatives consist of electricity and natural gas derivative contracts.

The fair value of commodity derivatives hedging the parent company's commodity purchases and qualifying for hedge accounting is posted to the hedging reserve under equity as well as the change in the fair value of currency derivatives that qualify for hedge accounting in the parent company. These currency derivatives are hedging estimated currency flows in Kemira Oyj for the next 12-month period. When the hedging instrument is maturing or the hedging relationship is discontinued due to inefficiency, the hedging reserve is adjusted by the value of the derivative by booking the value in the Income Statement.

The valuation of Fair value derivative instruments is done according to the Finnish Accounting Act Chapter 5 Section 2a.

The valuation methods of derivative instruments are described in Notes 5.4 and 5.6 in the Consolidated Financial Statements.

Defining the fair value of financial assets and liabilities is described in Group Note 5.4. Financial Risk management principles is illustrated in Group note 5.5. Hedge accounting principles and valuation of derivative instrument are described in Group note 5.6.

Reductions in the capital of other non-current loans as well as loan transaction costs have been capitalized in a manner allowed by the Finnish Accounting Act in the parent company's financial statement. The non-expensed portion of these expenses, EUR 1.6 million (2.6), is included in the balance sheet.

OBLIGATORY PROVISIONS

Obligatory provisions are recognized from pensions, personnel-related costs, environmental, and restructuring obligations.

REVENUE

Kemira Oyj's revenue consists mainly of revenues from the sale of goods and services. Revenue also includes intercompany service charges on a gross basis.

PENSION ARRANGEMENTS

The company's statutory pensions are handled by pension insurance companies and supplemental pensions mainly by Kemira's own pension fund. Pension costs consist of payments to pension insurance companies and possible contributions to the pension fund 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, the cash proportion of share-based incentive plans is recognized as an expense in the performance year, and the share proportion is recognized in the year the shares are given using the average share price.

FOREIGN CURRENCY TRANSLATION

In day-to-day bookkeeping, foreign currency transactions are translated 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. Business-related exchange rate differences and business related foreign currency exchange rate hedges are treated as sales and purchase adjustments. Any foreign exchange gains and losses related to financial items and respective hedging instruments are booked into financial income and expenses.

DEFERRED TAXES

Deferred tax liabilities or assets are recognized for temporary differences between tax and financial statements using the tax rate for the year following as determined on the balance sheet date. The balance sheet includes the deferred tax liability in its entirety and the deferred tax asset at the estimated probable amount as assessed by the management. The efficient part of changes in the value of the electricity and currency derivatives qualifying for hedge accounting is recorded as a fair value reserve less deferred taxes.

LEASE

Lease payments are treated as rental expenses.

CASH FLOW STATEMENT

The parent company's cash flow statement has been prepared in accordance with the general guidelines on cash flow by the Finnish Board of Accounting.

2. Revenue

Thousand EUR	2023	2022
Revenue by segments		
Pulp & Paper	887,894	1,033,704
Industry & Water	524,291	579,102
Intercompany revenue	618,231	593,852
Total	2,030,416	2,206,658
Distribution of revenue by geographical area as a percentage of total revenue		
Finland, domicile of the parent company	25	28
Other Europe, Middle East and Africa	53	54
Americas	12	10
Asia Pacific	9	9
Total	100	100

3. Other operating income

Thousand EUR	2023	2022
Gains on the sale of property, plant and equipment	143	2,402
Insurance compensation received	2,481	603
Other income from operations	638	430
Total	3,262	3,435

4. Material and services

Thousand EUR	2023	2022
Change in stocks of finished goods and in work in progress	60,079	-64,334
Materials and services		
Materials and supplies		
Purchases during the financial year	1,055,338	1,423,051
Change in inventories (increase - / decrease +)	13,628	-19,281
External services	8,970	9,323
Total	1,077,936	1,413,093

5. Personnel expenses and number of personnel

Thousand EUR	2023	2022
Personnel costs		
Wages and salaries	58,900	49,228
Pension expenses [1]	8,101	-2,767
Other personnel expenses	1,544	1,911
Total	68,544	48,372

Thousand EUR	2023	2022
Management wages and salaries [2]		
CEO	4,604	1,454
CEO's Deputy	609	425
Board of Directors	606	567
Total	5,819	2,446

Thousand EUR	2023	2022
Salaries and fees include bonuses and share-based payments		
CEO	3,815	715
CEO's Deputy	411	234
Total	4,226	949

In 2021, salaries and wages totaled EUR 46,027 thousand.

1) In 2022, the pension expenses included a return of surplus of EUR 10.0 million from the Neliapila Pension Fund.
2) The salary paid to Kemira Oyj's CEO and CEO's Deputy include fringe benefits.

Other transactions between related parties are presented in Note 6.1 in the Notes to the Consolidated Financial Statements.

Number of personnel on Dec 31	2023	2022
Pulp & Paper segment	101	102
Industry & Water segment	39	38
Other, of which	357	353
R&D and Technology	164	167
Total	497	493
Average number of personnel	500	502

6. Depreciation, amortization and impairments

Thousand EUR	2023	2022
Depreciation according to plan and impairment		
Intangible rights	13,219	11,114
Impairment of intangible rights	55	0
Goodwill	3,626	3,586
Other intangible assets	0	687
Buildings and constructions	666	665
Machinery and equipment	6,154	6,220
Impairment of machinery and equipment	17	0
Total	23,738	22,273

Kemira

7. Other operating expenses

Thousand EUR	2023	2022
Rents	9,363	9,290
Intercompany tolling manufacturing charges	241,571	235,759
Other intercompany charges	166,582	145,253
Freights and delivery expenses	125,373	135,599
External services	22,082	18,502
Other operating expenses [1]	66,399	48,142
Total	631,371	592,545

1) In 2023, the other operating expenses included a net icrease of EUR 660 thousand in the obligatory provisions (a decrease of EUR 5,243 thousand in environmental expenses and an increase of EUR 5,903 thousand in restructuring expenses). In 2022, the operating expenses included a net decrease of EUR 4,968 thousand in the obligatory provisions (a decrease of EUR 574 thousand in environmental expenses and EUR 4,394 thousand in restructuring expenses).

AUDITOR'S FEES AND SERVICES

Thousand EUR	2023	2022
Audit fees	612	499
Tax services	37	278
Other services	116	50
Total	765	827

Ernst & Young Oy acts as the principal auditor for Kemira Oyj.

8. Finance income and expenses

Thousand EUR	2023	2022
Dividend income		
From Group companies	39,621	137,389
Total	39,621	137,389
Other interest and finance income		
Interest income from Group companies	63,275	38,188
Interest income from others	7,953	1,579
Other finance income from Group companies	572	607
Exchange gains from Group companies (net)	0	24,276
Exchange gains from others (net)	10,059	0
Total	81,859	64,650
Total finance income	121,481	202,038
Change in value on non-current assets		
Group companies [1]	-97,024	0
Total	-97,024	0
Interest expenses and other finance expenses		
Interest expenses to Group companies	-6,767	-1,274
Interest expenses to others	-25,604	-19,612
Other finance expenses to others	-2,121	-2,623
Exchange losses from Group companies (net)	-14,889	0
Exchange losses from others (net)	0	-5,791
Total	-49,382	-29,301
Total finance expenses	-146,406	-29,301
Total finance income and expenses	-24,926	172,737

Kemira

Thousand EUR	2023	2022
Exchange gains and losses		
Realized	11,591	22,184
Unrealized	-16,422	-3,699
Total	-4,830	18,485

1) Changes in the value of non-current assets in Group companies mainly consist of write-down of Kemira Chemicals Inc. subsidiary shares related to the sale of the Oil & Gas business. Kemira has completed the divestment in February 2024.

9. Appropriations

Thousand EUR	2023	2022
Change in accumulated depreciation difference (increase - / decrease +)		
Intangible rights	382	-420
Other intangible assets	-457	231
Goodwill	-6	0
Buildings and structures	-268	-351
Machinery and equipment	-2,386	-2,760
Other tangible assets	-3	-3
Total	-2,739	-3,303
Group contribution		
Group contributions received	7,000	0
Group contributions given	-7,000	-9,000
Total	0	-9,000
Total appropriations	-2,739	-12,303

10. Income taxes

Thousand EUR	2023	2022
Income taxes on ordinary activities	-38,578	-42,205
Income taxes for prior years	69	-29
Change in deferred taxes	59	-1,065
Other taxes and parafiscal charges	-1,704	-546
Total	-40,154	-43,844

Kemira

11. Intangible assets

2023, thousand EUR	Intangible rights	Goodwill	Advance payments and construction in progress	Other intangible assets	Total
Acquisition cost on Jan 1	279,833	32,364	9,334	39,878	361,408
Additions	9,100	234	910	0	10,244
Decreases	-4,648	0	0	0	-4,648
Transfers	8,552	0	-8,552	0	0
Acquisition cost on Dec 31	292,837	32,597	1,692	39,878	367,005
Accumulated amortization on Jan 1	-248,890	-14,433	0	-39,878	-303,200
Accumulated amortization relating to decreases	4,578	0	0	0	4,578
Amortization during the financial year	-13,219	-3,626	0	0	-16,845
Accumulated amortization on Dec 31	-257,531	-18,059	0	-39,878	-315,468
Net book value on Dec 31	35,306	14,539	1,692	0	51,537

2022, thousand EUR	Intangible rights	Goodwill	Advance payments and construction in progress	Other intangible assets	Total
Acquisition cost on Jan 1	275,030	32,364	3,061	39,878	350,333
Additions	5,521	0	8,809	0	14,330
Decreases	-3,254	0	0	0	-3,254
Transfers	2,536	0	-2,536	0	0
Acquisition cost on Dec 31	279,833	32,364	9,334	39,878	361,408
Accumulated amortization on Jan 1	-241,030	-10,847	0	-39,191	-291,067
Accumulated amortization relating to decreases	3,201	0	0	0	3,201
Amortization during the financial year	-11,061	-3,586	0	-687	-15,334
Accumulated amortization on Dec 31	-248,890	-14,433	0	-39,878	-303,200
Net book value on Dec 31	30,943	17,931	9,334	0	58,208

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12. Tangible assets

2023, thousand EUR	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost on Jan 1	1,263	16,261	102,080	343	4,725	124,671
Additions	59	311	4,268	0	3,349	7,987
Decreases	0	0	-327	0	0	-327
Transfers	297	1,047	2,853	0	-4,196	0
Acquisition cost on Dec 31	1,618	17,619	108,873	343	3,877	132,330
Accumulated depreciation on Jan 1	-110	-7,499	-81,443	-341	0	-89,393
Accumulated depreciation relating to decreases	0	0	268	0	0	268
Depreciation during the financial year	0	-666	-6,154	0	0	-6,821
Accumulated depreciation on Dec 31	-110	-8,165	-87,330	-341	0	-95,947
Net book value at 31 Dec	1,509	9,453	21,543	2	3,877	36,383

2022, thousand EUR	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost on Jan 1	1,071	15,509	98,130	343	1,960	117,014
Additions	208	533	3,698	0	4,419	8,858
Decreases	-17	-99	-1,085	0	0	-1,201
Transfers	0	316	1,338	0	-1,654	0
Acquisition cost on Dec 31	1,263	16,261	102,080	343	4,725	124,671
Accumulated depreciation on Jan 1	-110	-6,933	-76,159	-341	0	-83,543
Accumulated depreciation relating to decreases	0	83	881	0	0	964
Depreciation during the financial year	0	-649	-6,165	0	0	-6,814
Accumulated depreciation on Dec 31	-110	-7,499	-81,443	-341	0	-89,393
Net book value on Dec 31	1,153	8,761	20,636	2	4,725	35,277

13. Investments

2023, thousand EUR	Holdings in Group companies	Receivables from Group companies	Other shares and holdings	Other receivables	Total
Net book value on Jan 1	1,049,503	552,996	99,609	6,127	1,708,236
Additions	165,492	0	0	0	165,492
Decreases	-31,767	-107,817	-270	0	-139,854
Impairments	-93,516	0	0	0	-93,516
Transfers	1,000	0	-1,000	0	0
Net book value on Dec 31	1,090,711	445,180	98,339	6,127	1,640,357

2022, Thousand EUR	Holdings in Group companies	Receivables from Group companies	Other shares and holdings	Other receivables	Total
Net book value on Jan 1	1,049,503	396,546	99,608	6,127	1,551,785
Additions	0	255,661	1	0	255,662
Decreases	0	-99,211	0	0	-99,211
Net book value on Dec 31	1,049,503	552,996	99,609	6,127	1,708,236

14. Inventories

Thousand EUR	2023	2022
Raw materials and consumables	43,225	56,854
Finished goods	88,525	148,604
Advance payments	9,615	8,040
Total	141,366	213,498

15. Receivables

Thousand EUR	2023	2022
Non-current receivables		
Receivables from others		
Loan receivables	400	400
Other receivables	1,608	21,107
Total	2,008	21,507
Deferred tax assets		
From appropriations	289	376
From reservations	9,823	9,691
From foreign currency and electricity hedging	91	0
From revaluations	4,285	4,285
From other deferred tax receivables	1,107	1,094
Total	15,595	15,446
Total non-current receivables	17,603	36,952
Current receivables		
Receivables from Associated companies		
Trade receivables	40	0
Total	40	0

Thousand EUR	2023	2022
Receivables from Group companies		
Trade receivables	131,920	108,075
Loan receivables	93,415	160,638
Advances paid	18,836	18,836
Other current receivables	7,018	0
Prepayments and accrued income	25,604	16,555
Total	276,793	304,104
Receivables from others		
Trade receivables	137,406	180,297
Advances paid	133	72
Other current receivables	3,626	4,097
Prepayments and accrued income	42,924	81,513
Total	184,088	265,978
Total current receivables	460,922	570,083
Total receivables	478,525	607,035
Accrued income from others		
Taxes	18,251	2,561
Hedging accruals	18,060	65,845
Prepaid expenses	4,285	3,831
Accrued income	1,486	8,048
Other	841	1,228
Total	42,924	81,513

16. Money market investments

Thousand EUR	2023	2022
Money market investments		
Book value	119,822	0
Fair value	120,000	0
Difference	-178	0

Money market investments include deposits and commercial paper investments with maturity less than three months.

17. Capital and reserves

Thousand EUR	2023	2022
Restricted equity		
Share capital on Jan 1	221,762	221,762
Share capital on Dec 31	221,762	221,762
Share premium account on Jan 1	257,878	257,878
Share premium account on Dec 31	257,878	257,878
Fair value reserve on Jan 1	56,764	19,387
Cash flow hedges	-46,803	37,378
Fair value reserve on Dec 31	9,961	56,764
Total restricted equity on Dec 31	489,600	536,404
Unrestricted equity		
Unrestricted equity reserve on Jan 1	199,964	199,964
Unrestricted equity reserve on Dec 31	199,964	199,964
Retained earnings on Jan 1	502,839	275,443
Dividend distributions	-95,236	-88,942
Share-based incentive plan		
Shares given	1,922	1,689
Shares returned	0	-86
Retained earnings on Dec 31	409,525	188,104
Profit for the financial period	104,191	314,734
Total unrestricted equity on Dec 31	713,680	702,803
Total capital and reserves on Dec 31	1,203,281	1,239,207
Total distributable funds on Dec 31	713,680	702,803

CHANGE IN TREASURY SHARES

Thousand	EUR	Number of shares
Acquisition value/number on Jan 1, 2023	13,397	1,990
Change	-1,800	-267
Acquisition value/number on Dec 31, 2023	11,596	1,723

18. Accumulated appropriations

Thousand EUR	2023	2022
Appropriations		
Accumulated depreciation difference	15,837	13,098
Deferred tax liabilities on accumulated appropriations	3,167	2,620

19. Obligatory provisions

Thousand EUR	2023	2022
Non-current provisions		
Pension provisions	5,536	5,469
Environmental provisions	9,835	14,185
Restructuring	24,390	19,544
Total non-current provisions	39,762	39,197
Current provisions		
Environmental provisions	4,890	6,116
Restructuring	8,305	6,916
Total current provisions	13,195	13,032
Total provisions	52,957	52,230
Change in obligatory provisions		
Obligatory provisions on Jan 1	52,230	57,066
Utilised during the year	-12,031	-8,338
Increase during the year	12,758	3,501
Obligatory provisions on Dec 31	52,957	52,230

Environmental risks and liabilities are disclosed in Note 4.6 in the Notes to the Consolidated Financial Statements.

20. Non-current liabilities

Thousand EUR	2023	2022
Loans from financial institutions	310,887	312,359
Corporate bonds	198,850	397,853
Other non-current liabilities	16,049	15,910
Total	525,786	726,122
Maturity later than five years		
Corporate bonds	0	200,000
Other liabilities	16,037	0
Total	16,037	200,000
Deferred tax liabilities		
From foreign currency and electricity hedging	2,581	14,191
Total	2,581	14,191
Total non-current liabilities	528,367	740,313

21. Current liabilities

Thousand EUR	2023	2022
Liabilities to Group companies		
Loan liabilities	8,438	14,323
Trade payables	155,944	176,401
Other liabilities	285,937	250,316
Accrued expenses	7,663	1,130
Total	457,981	442,169
Liabilities to others		
Corporate Bonds	199,597	0
Commercial papers	0	29,815
Prepayments received	1,064	1,308
Trade payables	95,134	145,428
Other liabilities	9,235	24,330
Accrued expenses	120,323	128,822
Total	425,354	329,702
Total current liabilities	883,335	771,871
Accrued expenses and deferred income		
Personnel expenses	22,727	20,241
Interest expenses and exchange rate differences	10,958	10,563
Cost accruals	44,827	53,671
Income tax accruals	38,578	42,205
Other	3,233	2,142
Total	120,323	128,822

22. Derivatives

	2023	2022
Nominal values, thousand EUR	Total	Total
Currency derivatives		
Forward contracts	812,819	645,600
of which cash flow hedges	110,463	71,572
Commodity derivatives		
Commodity forward contracts (MWh) [1]	525,989	1,034,472
of which cash flow hedges	525,989	1,034,472

1) Mainly electricity forward contracts.

			2023
Fair values, thousand EUR	Positive	Negative	Net
Currency derivatives			
Forward contracts	8,571	4,258	4,313
of which cash flow hedges	2,190	136	2,054
Commodity derivatives			
Commodity forward contracts [1]	10,836	533	10,303
of which cash flow hedges	10,836	533	10,303

1) Includes fair value of commodity forward contracts of EUR 1,597 thousand maturing after the year 2024 (21,107).

			2022
Fair values, thousand EUR	Positive	Negative	Net
Currency derivatives			
Forward contracts	14,971	4,740	10,232
of which cash flow hedges	1,652	1,386	266
Commodity derivatives			
Commodity forward contracts	70,771	—	70,771
of which cash flow hedges	70,771	—	70,771

23. Collateral and contingent liabilities

Thousand EUR	2023	2022
Given guarantees		
On behalf of own commitments		
Business related delivery-, environmental and other guarantees	35,482	18,106
On behalf of companies belonging to the same Group		
Business and financing guarantees	527,802	535,479
On behalf of associated companies		
Business and financing guarantees	11,718	12,499
On behalf of others		
Guarantees	2,436	2,296
Other obligations		
Loan commitments	0	16,339
Rent liabilities		
Maturity within one year	2,767	2,714
Maturity after one year	3,765	6,693
Total	6,532	9,407
Leasing liabilities		
Maturity within one year	1,870	2,088
Maturity after one year	3,551	3,968
Total	5,421	6,056
Pledges given		
On behalf of own commitments	0	482

24. Related party transactions

Thousand EUR	2023	2022
Related party notes required by the Finnish Companies Act		
The most significant Group companies with which the company has loans		
Kemira Water Solutions Inc.	162,690	20,579
Kemira Chemicals Oy	77,400	77,400
Kemira Uruguay S.A.	51,131	47,333
Other Group companies	247,373	568,322
Total	538,594	713,634

The parent company finances the subsidiaries through intra-group loan arrangements. For the most part, the loan is issued in the accounting currency of the subsidiary, while the parent company hedges the currency risk. The margins added to loan reference rates are market-based.

The Group uses consolidated bank account systems as a cash management tool. When involved, the parent company acts as the holder of the consolidated accounts. Subsidiaries are always entitled to the assets in their consolidated assets account, and consolidated account operations do not adversely affect the continuity of subsidiaries' operations.

25. Subsidiaries

	Group holding, %	Kemira Oyj holding, %
AS Kemivesi	100.00	100.00
Kemira Argentina S.A.	100.00	15.80
Kemira Cell Sp. z.o.o.	55.00	55.00
Kemira Chemicals, Inc.	100.00	60.80
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 Canada Inc.	100.00	100.00
Kemira Chemicals Korea Corporation	100.00	100.00
Kemira Chemie GesmbH	100.00	100.00
Kemira Chile Comercial Limitada	100.00	99.00
Kemira Europe Oy	100.00	100.00
Kemira Germany GmbH	100.00	100.00
Kemira Hong Kong Company Limited	100.00	100.00
Kemira International Finance B.V.	100.00	100.00
Kemira KTM d.o.o.	100.00	100.00
Kemira Świecie Sp. z o.o.	100.00	100.00
Kemira Water Danmark A/S	100.00	100.00
PT Kemira Indonesia	100.00	76.23
PT Kemira Chemicals Indonesia	99.77	99.77
SimAnalytics Oy	100.00	100.00

Kemira Oyj acquired the remaining 90% of the shares of SimAnalytics Oy. 60.80% of the shares of Kemira Chemicals Inc. was acquired by converting loans to shares in 2023. Kemira Oyj sold the shares of Kemira Chemicals Brasil Ltda to Kemira Europe Oy in 2023.

The Group's subsidiaries and investment in associates are presented in Note 6.2. in the Consolidated Financial Statements.

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Kemira Oyj's 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, 2023, Kemira Oyj's distributable funds are EUR 713,680,177 of which the net profit for the period amounts to EUR 104,191,302.

The Board of Directors proposes to the Annual General Meeting to be held on March 20, 2024 that a dividend of EUR 0.68 per share be distributed. No dividend will be paid on own shares held by the company as treasury shares on the dividend record date.

On the date of this proposal for the distribution of profits, a total of 153,619,832 shares are held outside the company, the total dividends paid would amount to EUR 104,461,486. The distributable funds of EUR 609,218,691 to be retained as equity.

There have been no material changes in the company's financial position since December 31, 2023. The liquidity of the company remains good, and the proposed dividend payment does not risk the solvency of the company.

Helsinki, February 8, 2024

Matti Kähkönen
Chair

Annika Paasikivi
Vice Chair

Tina Sejersgård Fanø

Werner Fuhrmann

Timo Lappalainen

Fernanda Lopes Larsen

Kristian Pullola

Mikael Staffas

Petri Castrén
CEO

Auditor's Report (Translation of the Finnish original)

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To the Annual General Meeting of Kemira Oyj

Report on the audit of financial statement

OPINION

We have audited the financial statements of Kemira Oyj (business identity code 0109823-0) for the year ended 31 December 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5 (1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.2 to the consolidated financial statements.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matter	How our audit addressed the Key Audit Matter
Valuation of goodwill *The accounting principles and disclosures concerning goodwill are disclosed in Note 3.1.* Valuation of goodwill was a key audit matter because • the assessment process is judgmental, • it is based on assumptions relating to market or economic conditions extending to the future, and • because of the significance of the goodwill to the financial statements. As of balance sheet date 31 December 2023, the value of goodwill amounted to 511 million euro representing 14 % of the total assets and 30 % of the total equity. The valuation of goodwill is based on management's estimate about the value-in-use calculations of the cash generating units. There are number of underlying assumptions used to determine the value-in-use, including the revenue growth, EBITDA and discount rate applied on net cash-flows. Estimated value-in-use may vary significantly when the underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill.	Our audit procedures regarding the valuation of goodwill included involving EY valuation specialists to assist us in evaluating methodologies, impairment calculations and underlying assumptions applied by the management in the impairment testing. In evaluation of methodologies, we compared the principles applied by the management in the impairment tests to the requirements set in IAS 36 Impairment of assets standard and ensured the mathematical accuracy of the impairment calculations. The key assumptions applied by the management in impairment tests were compared to • approved budgets and long-term forecasts, • information available in external sources, as well as • our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows. In addition, we compared the sum of discounted cash flows in impairment tests to Kemira's market capitalization. We also assessed the sufficiency and appropriateness of the disclosures given in respect of goodwill and its sensitivity.

Key audit matter	How our audit addressed the Key Audit Matter
Fair value measurement of other shares *The accounting principles and disclosures concerning other shares are disclosed in Note 3.5.* Fair value measurement of other shares was a key audit matter because • the value of other shares is material to the financial statements, and because • the fair value assessment process requires significant management judgment. As of balance sheet date 31 December 2023, the value of PVO / TVO shares included in other shares amounted to 381 million euro representing 10 % of the total assets and 23 % of the total equity. PVO / TVO shares represent majority of the balance sheet value of other shares. In determining the fair value of PVO / TVO shares, the management must make among other things an assessment regarding • future electricity production cost for PVO and TVO, • future electricity market prices applicable for Finland, and • discount rate applied on discounting the cashflows. Fair values of PVO and TVO shares may vary significantly when above-mentioned assumptions are changed. Fair value measurement of other shares was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2).	Our audit procedures regarding the fair values of other shares to address the risk of material misstatement included involving EY valuation specialists to assist us in evaluating appropriateness of methodologies, fair value calculations and underlying assumptions applied by the management. The key assumptions made by the management were compared to • estimates of future electricity production costs available on external sources, • estimates of future electricity market prices in Finland available on external sources, and • our independently calculated discount rate applicable for discounting of expected cashflows. In addition, we assessed the overall reasonableness of management's judgments. We also assessed the sufficiency and appropriateness of the disclosures regarding the other shares.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director 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, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting requirements

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on 21 March 2019 and our appointment represents a total period of uninterrupted engagement of four years.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OTHER OPINIONS ON ASSIGNMENT OF THE BOARD OF DIRECTORS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown on the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Chief Executive Officer should be discharged from liability for the financial period audited by us.

Helsinki, 8 February 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

ESEF Financial Statement Report

(Translation of the Finnish original)

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www.ey.com/fi
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domicile Helsinki

Independent auditor's report on Kemira Oyj's ESEF- Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF KEMIRA OYJ

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 74370031Y7RK5H88CQ48-2023-12-31-fi.zip of Kemira Oyj (business identity code: 0109823-0) for the financial year 1.1.-31.12.2023 to ensure that the financial statements are marked/ tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESESF RTS. This responsibility includes:

- preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- Tagging the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included within the ESEF-financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- Ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

Auditor's Independence and Quality Control

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.
The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF-financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

Opinion

In our opinion the tagging of the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included in the ESEF financial statements 74370031Y7RK5H88CQ48-2023-12-31-fi.zip of Kemira Oyj for the year ended 31.12.2023 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Kemira Oyj for the year ended 31.12.2023 is included in our Independent Auditor's Report dated 8.2.2024. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki 14.2.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

Group Key Figures

Kemira provides certain financial performance measures (alternative performance measures) that are not defined by IFRS. Kemira believes that alternative performance measures followed by capital markets and Kemira management, such as revenue growth in local currencies, excluding acquisitions and divestments (=organic growth), EBITDA, operative EBITDA, operative EBIT, cash flow after investing activities and gearing provide useful information about Kemira's comparable business performance and financial position. Selected alternative performance measures are also used as performance criteria in remuneration.

Kemira's alternative performance measures should not be viewed in isolation to the equivalent IFRS measures and alternative performance measures should instead be read in conjunction with the most directly comparable IFRS measures. Definitions of the alternative performance measures can be found in the Definitions of the key figures in these Financial Statements, as well as at **www.kemira.com** > Investors > Financial information.

	2023	2022	2021	2020	2019
INCOME STATEMENT AND PROFITABILITY					
Revenue, EUR million	3,384	3,570	2,674	2,427	2,659
Operative EBITDA, EUR million	667	572	426	435	410
Operative EBITDA, %	19.7	16.0	15.9	17.9	15.4
EBITDA, EUR million	540	559	373	413	382
EBITDA, %	16.0	15.7	14.0	17.0	14.4
Operative EBIT, EUR million	463	362	225	238	224
Operative EBIT, %	13.7	10.1	8.4	9.8	8.4
Operating profit (EBIT), EUR million	336	348	170	216	194
Operating profit (EBIT), %	9.9	9.7	6.4	8.9	7.3
Finance costs (net), EUR million	44	39	27	35	40
% of revenue	1.3	1.1	1.0	1.4	1.5
Profit before tax, EUR million	292	308	143	181	155
% of revenue	8.6	8.6	5.4	7.5	5.8
Net profit for the period (attributable to equity owners of the parent company), EUR million	199	232	108	131	110
% of revenue	5.9	6.5	4.0	5.4	4.1
Return on investment (ROI), %	11.6	12.7	7.2	9.1	8.4
Return of equity (ROE), %	11.9	15.4	8.6	10.9	9.2
Capital employed, EUR million [1]	2,156	2,238	1,995	1,965	1,998
Operative return on capital employed (ROCE), % [1]	21.5	16.2	11.3	12.1	11.2
Return on capital employed (ROCE), % [1]	15.6	15.5	8.5	11.0	9.7
Research and development expenses, EUR million	34	33	28	29	30
% of revenue	1.0	0.9	1.1	1.2	1.1
Organic growth, %	-2	27	11	-7	0

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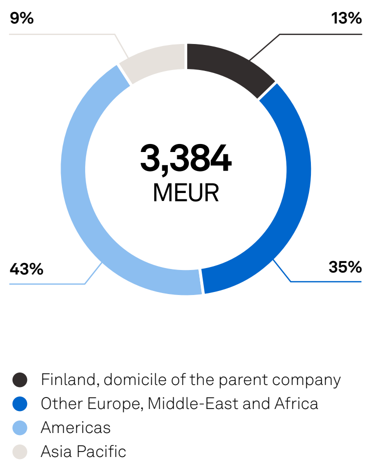
	2023	2022	2021	2020	2019
CASH FLOW					
Net cash generated from operating activities, EUR million	546	400	220	375	386
Proceeds from sale of subsidiaries and property, plant and equipment and intangible assets, EUR million	10	19	7	2	8
Capital expenditure, EUR million	207	198	170	198	204
% of revenue	6.1	5.5	6.3	8.2	7.7
Capital expenditure excl. acquisitions, EUR million	205	198	169	196	201
% of revenue	6.1	5.5	6.3	8.1	7.6
Cash flow after investing activities, EUR million	349	222	57	173	190
BALANCE SHEET AND SOLVENCY					
Non-current assets, EUR million	2,051	2,323	2,155	2,018	2,090
Shareholders' equity (Equity attributable to equity owners of the parent company), EUR million	1,665	1,670	1,329	1,192	1,218
Total equity including non-controlling interests, EUR million	1,684	1,685	1,343	1,205	1,231
Total liabilities, EUR million	1,700	1,966	1,797	1,590	1,660
Total assets, EUR million	3,489	3,651	3,139	2,796	2,891
Net working capital	279	362	287	197	211
Interest-bearing net liabilities, EUR million	535	771	850	759	811
Equity ratio, %	48	46	43	43	43
Gearing, %	32	46	63	63	66
Interest-bearing net liabilities per EBITDA	1.0	1.4	2.3	1.8	2.1

	2023	2022	2021	2020	2019
PERSONNEL					
Personnel at period-end	4,915	4,902	4,926	4,921	5,062
Personnel (average)	4,946	4,936	4,947	5,038	5,020
of whom in Finland	806	780	784	790	812
Wages and salaries, EUR million	343	339	288	303	304
EXCHANGE RATES					
Key exchange rates on Dec 31					
USD	1.105	1.067	1.133	1.227	1.123
CAD	1.464	1.444	1.439	1.563	1.460
SEK	11.096	11.122	10.250	10.034	10.447
CNY	7.851	7.358	7.195	8.023	7.821
BRL	5.362	5.639	6.310	6.374	4.516
PER SHARE FIGURES					
Earnings per share (EPS), basic, EUR [2]	1.30	1.51	0.71	0.86	0.72
Earnings per share (EPS), diluted, EUR [2]	1.28	1.50	0.70	0.86	0.72
Net cash generated from operating activities per share, EUR [2]	3.56	2.61	1.44	2.45	2.53
Dividend per share, EUR [2] [3]	0.68	0.62	0.58	0.58	0.56
Dividend payout ratio, % [2] [3]	52.4	41.0	82.2	67.5	77.6
Dividend yield, % [2] [3]	4.1	4.3	4.4	4.5	4.2
Equity per share, EUR [2]	10.84	10.89	8.68	7.80	7.98
Price per earnings per share (P/E ratio) [2]	12.95	9.48	18.88	15.07	18.37
Price per equity per share [2]	1.55	1.32	1.54	1.66	1.66
Price per cash flow from operations per share [2]	4.72	5.49	9.27	5.28	5.24
Dividend paid, EUR million [3]	104.5	95.1	88.8	88.7	85.5

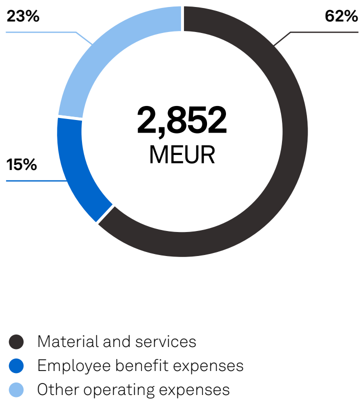
	2023	2022	2021	2020	2019
SHARE PRICE AND TRADING					
Share price, high, EUR	18.22	14.94	14.66	14.24	14.99
Share price, low, EUR	13.51	10.36	12.64	8.02	9.77
Share price, average, EUR	15.36	12.57	13.67	11.55	12.56
Share price on Dec 31, EUR	16.79	14.33	13.33	12.94	13.26
Number of shares traded (1,000) [4]	43,852	37,017	57,478	75,885	53,048
% on number of shares	29	24	38	50	35
Market capitalization on Dec 31, EUR million [2]	2,579	2,198	2,041	1,979	2,024
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) [2]	153,573	153,320	153,092	152,879	152,630
Average number of shares, diluted (1,000) [2]	155,051	154,261	153,785	153,373	153,071
Number of shares on Dec 31, basic (1,000) [2]	153,620	153,352	153,127	152,924	152,649
Number of shares on Dec 31, diluted (1,000) [2]	155,303	154,894	154,068	153,744	153,385
Increase (+) / decrease (-) in number of shares outstanding (1,000)	267	225	203	275	139
Share capital, EUR million	221.8	221.8	221.8	221.8	221.8

1) 12-month rolling average.
2) Number of shares outstanding, excluding the number of treasury shares.
3) The dividend for 2023 is the Board of Directors' proposal to the Annual General Meeting.
4) Shares traded on Nasdaq Helsinki only.

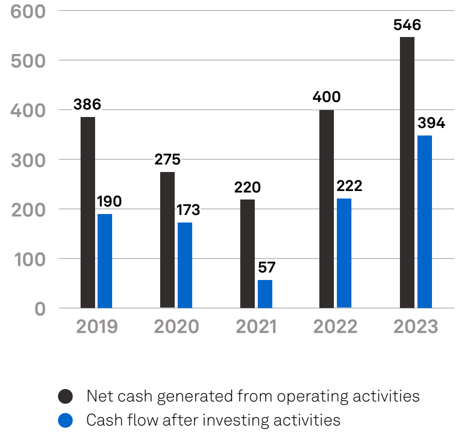
REVENUE BY GEOGRAPHICAL AREAS



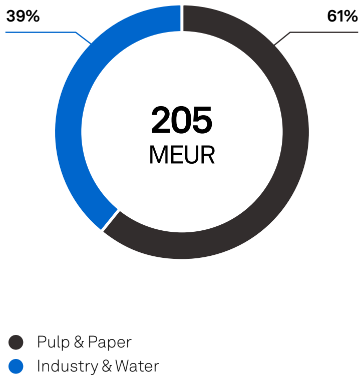
OPERATING EXPENSES



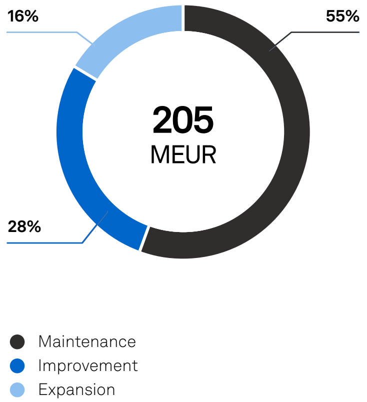
CASH FLOW
EUR MILLION



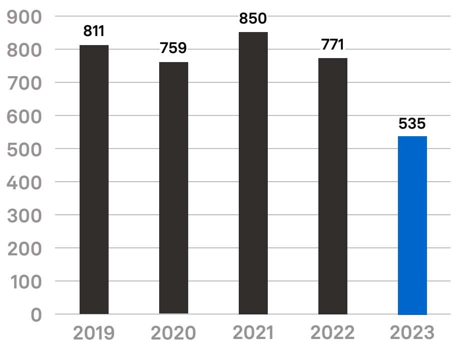
CAPITAL EXPENDITURE BY SEGMENT EXCLUDING ACQUISITIONS



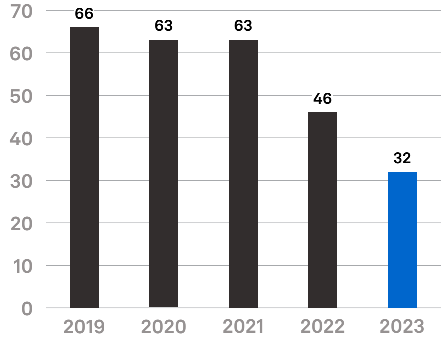
CAPITAL EXPENDITURE EXCLUDING ACQUISITIONS



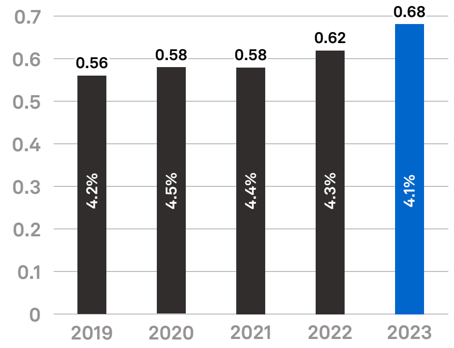
INTEREST-BEARING NET LIABILITIES
EUR MILLION



GEARING
%

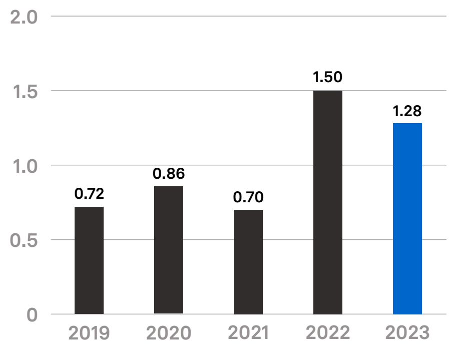


DIVIDEND PER SHARE, EUR AND DIVIDEND YIELD, %*



*The dividend for 2023 is the Board of Directors' proposal to the Annual General Meeting.

EARNINGS PER SHARE, DILUTED
EUR



Kemira

Definition of Key Figures

Financial figures

KEY FIGURES		DEFINITION OF KEY FIGURES	PURPOSE OF KEY FIGURES
EBITDA	=	Operating profit (EBIT) + depreciation and amortization + impairments	EBITDA describes the profitability of a business when depreciation, amortization and impairments are added to EBIT. The key figure is used to monitor the development of business results.
OPERATIVE EBITDA	=	Operating profit (EBIT) + depreciation and amortization + impairments +/- items affecting comparability	Operative EBITDA describes the profitability of a business when depreciation, amortization and impairments are added to EBIT. The key figure is used to monitor the development of business results. The key figure is calculated by adjusting the items affecting from EBITDA, which improves the comparability of operating profitability between different periods.
ITEMS AFFECTING COMPARABILITY [1)]	=	Restructuring and streamlining programs + transaction and integration expenses in acquisitions + divestment of businesses and other disposals + other items	Used as a component in the calculation of operative EBITDA and operative EBIT.
EBIT	=	Revenue + other operating income - operating expenses - depreciation and amortization - impairments + share of the results of associates	EBIT is used to monitor the development of business results. The key figure describes the profitability of the business before financial items and taxes.
OPERATIVE EBIT	=	Operating profit (EBIT) +/- items affecting comparability	Operative EBIT is used to monitor the development of business results. The key figure describes the profitability of the business before financial items and taxes. The key figure is calculated by adjusting the items affecting operating comparability from operating profit, which improves the comparability of operating profitability between different periods.
INTEREST-BEARING NET LIABILITIES	=	Interest-bearing liabilities - cash and cash equivalents	Interest-bearing liabilities is used to monitor the Group's gearing.
EQUITY RATIO (%)	= 100 x	Total equity ――― Total assets - prepayments received	Equity ratio (%) indicates what proportion of the assets is covered by equity.
GEARING (%)	= 100 x	Interest-bearing net liabilities ――― Total equity	Gearing (%) measures the ratio of interest-bearing net liabilities to equity.
RETURN ON INVESTMENTS (ROI) (%)	= 100 x	Profit before tax + interest expenses + other financial expenses ――― Total assets - non-interest-bearing liabilities [2)]	Return on investment (%) measures how efficiently invested capital is used.

KEY FIGURES		DEFINITION OF KEY FIGURES	PURPOSE OF KEY FIGURES
RETURN ON EQUITY (ROE) (%)	= 100 x	Net profit attributable to equity owners of the parent company / Equity attributable to equity owners of the parent company [2]	Return on equity (%) is used to measure how effectively the equity owned by the owners of the parent company is used.
RETURN ON CAPITAL EMPLOYED (ROCE) (%)	= 100 x	Operating profit (EBIT) [3] / Capital employed [4]	Return on capital employed (%) is used to measure how efficiently capital is employed.
OPERATIVE RETURN ON CAPITAL EMPLOYED (OPERATIVE ROCE) (%)	= 100 x	Operating profit (EBIT) [3] / Capital employed [4]	Operative return on capital employed (%) is used to measure how efficiently capital is employed.
CASH FLOW AFTER INVESTING ACTIVITIES	=	Net cash generated from operating activities + net cash used in investing activities	Cash flow after investments is a key figure that describes the cash flow from operating activities after investments. This is free cash flow that remains, for example, in the payment of dividends and liabilities.
INTEREST-BEARING NET LIABILITIES / EBITDA	=	Interest-bearing net liabilities / Operating profit (EBIT) + depreciation and amortization + impairments	Interest-bearing net liabilities / EBITDA ratio measures the Group's capital structure. The key figure describes how long it would take to pay interest-bearing net liabilities at the current level of profitability if the EBITDA in its entirety were used to repay the debt.
NET FINANCIAL COST (%)	= 100 x	Finance costs, net - dividend income +/- exchange rate differences / Interest-bearing net liabilities [2]	Net financial cost (%) describes the financial expense structure and the key figure can be compared to the existing average interest rate level.
NET WORKING CAPITAL	=	Inventories + trade receivables + other receivables, excluding derivatives, accrued interest income and other financing items - trade payables - other liabilities, excluding derivatives, accrued interest expenses and other financing items	Net working capital is the amount of capital tied up in business operations. It describes the amount of cash needed to run the Group's day-to-day operations.
CAPITAL EMPLOYED	=	Property, plant and equipment + right-of-use assets + intangible assets + net working capital + investments in associates	Capital employed describes the capital committed to the Group's operations (e.g. production facilities), which is a premise for the manufacture of the Group's products for sale. Restricted capital is used as a component in calculating the return on capital employed.
CAPITAL EXPENDITURE	=	Property, plant and equipment + intangible assets + other shares + investments in associates	Investments excluding acquisitions are cash used on the acquisition of non-current assets. The key figure is part of the cash flow statement.
CAPITAL EXPENDITURE EXCL. ACQUISITIONS	=	Property, plant and equipment + intangible assets + other shares + investments in associates - acquisitions	Investments excluding acquisitions are cash used on the acquisition of non-current assets, excluding acquisitions. The key figure is part of the cash flow statement.

KEY FIGURES		DEFINITION OF KEY FIGURES	PURPOSE OF KEY FIGURES
ORGANIC GROWTH (%)	=	Revenue growth in local currencies, excluding acquisitions and divestments	Organic growth describes revenue growth in local currencies excluding acquisitions and divestments.
INTRINSIC VALUE	=	Operative EBITDA x 8 - interest-bearing net liabilities	Intrinsic value is used as a remuneration criteria in the Group's share-based payments incentive plans.

1) Financial performance measures which are not defined by IFRS may include items of income and expenses that affect the comparability of the financial reporting of Kemira Group. Restructuring and streamlining programs, transaction and integration expenses in acquisitions, divestments of businesses and other disposals are considered the most common items affecting comparability.

2) Average.

3) Operating profit (EBIT) taken into account for 12-month rolling figure at the end of the review period.

4) 12-month rolling average.

Per share figures

KEY FIGURES		DEFINITION OF KEY FIGURES
EARNINGS PER SHARE (EPS)	=	Net profit attributable to equity owners of the parent company / 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 on Dec 31
DIVIDEND PAYOUT RATIO (%)	= 100 x	Dividend per share / Earnings per share (EPS), basic
DIVIDEND YIELD (%)	= 100 x	Dividend per share / Share price on Dec 31
EQUITY PER SHARE	=	Equity attributable to equity owners of the parent company on Dec 31 / Number of shares on Dec 31

KEY FIGURES		DEFINITION OF KEY FIGURES
SHARE PRICE, YEAR AVERAGE	=	Shares traded (EUR) / Shares traded (volume)
PRICE PER EARNINGS PER SHARE (P/E)	=	Share price on Dec 31 / Earnings per share (EPS), basic
PRICE PER EQUITY PER SHARE	=	Share price on Dec 31 / Equity per share attributable to equity owners of the parent company
PRICE PER NET CASH GENERATED FROM OPERATING ACTIVITIES PER SHARE	=	Share price on Dec 31 / Net cash generated from operating activities per share
SHARE TURNOVER (%)	= 100 x	Number of shares traded in main stock exchange / Average number of shares

Kemira

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CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

Board of Directors' Review 2023

Consolidated Financial Statements (IFRS)

Kemira Oyj Financial Statements (FAS)

Board of Directors' Proposal for Profit Distribution and Signatures

Auditor's Report

— Other Financial Information

Shares and Shareholder

Information for Investors

Reconciliation to IFRS Figures

EUR million	1–3	4–6	7–9	10–12	2023 Total	1–3	4–6	7–9	10–12	2022 Total
ITEMS AFFECTING COMPARABILITY IN EBITDA AND EBIT										
Operative EBITDA										
Pulp & Paper	109.4	65.2	68.9	87.5	330.9	71.3	73.6	92.3	110.9	348.0
Industry & Water	83.3	85.8	91.5	75.2	335.8	48.8	48.5	60.3	66.1	223.7
Total	192.6	151.0	160.3	162.7	666.7	120.0	122.1	152.5	177.0	571.6
Total items affecting comparability	-8.5	-3.7	-3.1	-111.4	-126.7	-6.5	1.2	-15.3	7.8	-12.8
EBITDA	184.1	147.4	157.2	51.3	540.0	113.5	123.2	137.3	184.8	558.8
Operative EBIT										
Pulp & Paper	80.4	37.6	39.8	58.6	216.3	40.7	42.8	61.8	80.3	225.7
Industry & Water	61.5	63.3	67.8	54.1	246.7	28.2	26.9	37.7	43.1	135.9
Total	141.9	100.9	107.6	112.6	463.0	68.9	69.7	99.5	123.4	361.6
Total items affecting comparability	-8.5	-3.7	-3.1	-111.4	-126.7	-6.7	-0.7	-15.0	8.4	-14.0
EBIT	133.4	97.2	104.5	1.3	336.4	62.2	69.1	84.5	131.8	347.6
Operative EBITDA	192.6	151.0	160.3	162.7	666.7	120.0	122.1	152.5	177.0	571.6
Restructuring and streamlining programs	0.0	-1.0	0.0	0.1	-0.9	-3.1	0.1	0.1	-1.6	-4.5
Transaction and integration expenses in acquisition	-0.1	0.0	0.0	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0
Divestment of businesses and other disposals	-8.9	-2.6	-3.1	-111.3	-125.9	0.0	2.0	-15.6	8.9	-4.6
Other items	0.4	0.0	0.0	0.0	0.4	-3.5	-0.9	0.3	0.5	-3.6
Total items affecting comparability	-8.5	-3.7	-3.1	-111.4	-126.7	-6.5	1.2	-15.3	7.8	-12.8
EBITDA	184.1	147.4	157.2	51.3	540.0	113.5	123.2	137.3	184.8	558.8
Operative EBIT	141.9	100.9	107.6	112.6	463.0	68.9	69.7	99.5	123.4	361.6
Total items affecting comparability in EBITDA	-8.5	-3.7	-3.1	-111.4	-126.7	-6.5	1.2	-15.3	7.8	-12.8
Items affecting comparability in depreciation, amortization and impairments	0.0	0.0	0.0	0.0	0.0	-0.1	-1.9	0.3	0.6	-1.2
Operating profit (EBIT)	133.4	97.2	104.5	1.3	336.4	62.2	69.1	84.5	131.8	347.6

EUR million	1–3	4–6	7–9	10–12	2023 Total	1–3	4–6	7–9	10–12	2022 Total
ROCE AND OPERATIVE ROCE										
Operative EBIT	141.9	100.9	107.6	112.6	463.0	68.9	69.7	99.5	123.4	361.6
Operating profit (EBIT)	133.4	97.2	104.5	1.3	336.4	62.2	69.1	84.5	131.8	347.6
Capital employed [1]	2,244.5	2,221.5	2,188.9	2,155.5	2,155.5	2,045.4	2,113.6	2,194.9	2,238.0	2,238.0
Operative ROCE, %	19.4	21.0	21.6	21.5	21.5	11.7	11.8	13.0	16.2	16.2
ROCE, %	18.7	20.1	21.3	15.6	15.6	8.7	9.7	10.6	15.5	15.5
NET WORKING CAPITAL										
Inventories	421.5	383.9	347.5	281.8	281.8	408.0	490.6	474.1	433.7	433.7
Trade receivables and other receivables	517.6	494.4	496.8	468.2	468.2	530.5	620.4	701.4	603.7	603.7
Excluding financing items in other receivables	-23.7	-21.9	-10.0	-18.6	-18.6	-30.4	-78.6	-105.9	-71.1	-71.1
Trade payables and other liabilities	633.2	552.6	569.4	489.4	489.4	624.5	647.5	684.8	635.2	635.2
Excluding financing items in other liabilities	-127.7	-78.2	-83.1	-37.0	-37.0	-123.1	-82.7	-82.1	-31.4	-31.4
Net working capital	409.9	382.0	347.9	278.9	278.9	406.7	467.6	466.9	362.4	362.4
INTEREST-BEARING NET LIABILITIES										
Non-current interest-bearing liabilities	832.6	639.6	641.8	615.7	615.7	795.5	811.2	814.3	838.1	838.1
Current interest-bearing liabilities	148.8	325.5	327.8	322.1	322.1	258.8	295.1	266.1	183.7	183.7
Interest-bearing liabilities	981.4	965.1	969.6	937.8	937.8	1,054.4	1,106.3	1,080.4	1,021.8	1,021.8
Cash and cash equivalents	273.2	299.5	403.1	402.5	402.5	154.5	147.3	173.9	250.6	250.6
Interest-bearing net liabilities	708.2	665.5	566.5	535.2	535.2	899.8	959.0	906.4	771.2	771.2

1) 12-month rolling average.

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Quarterly Earnings Performance

EUR million	1–3	4–6	7–9	10–12	2023 Total	1–3	4–6	7–9	10–12	2022 Total
Revenue										
Pulp & Paper	504.6	421.2	403.6	418.8	1,748.2	446.5	487.6	537.3	556.2	2,027.7
Industry & Water	401.5	418.9	425.1	390.0	1,635.5	321.5	373.8	434.6	412.0	1,541.9
Total	906.0	840.1	828.7	808.8	3,383.7	768.1	861.4	971.9	968.2	3,569.6
EBITDA [1]										
Pulp & Paper	100.9	63.9	68.7	74.5	308.0	66.4	74.9	77.2	118.1	336.6
Industry & Water	83.3	83.5	88.5	-23.2	232.0	47.1	48.4	60.1	66.7	222.2
Total	184.1	147.4	157.2	51.3	540.0	113.5	123.2	137.3	184.8	558.8
EBIT [1]										
Pulp & Paper	71.9	36.3	39.7	45.5	193.4	35.7	42.3	47.0	88.1	213.1
Industry & Water	61.5	61.0	64.8	-44.3	143.0	26.5	26.8	37.5	43.7	134.5
Total	133.4	97.2	104.5	1.3	336.4	62.2	69.1	84.5	131.8	347.6
Finance costs, net	-10.7	-12.1	-9.9	-11.6	-44.4	-7.9	-8.9	-7.4	-15.3	-39.4
Profit before tax	122.7	85.1	94.6	-10.3	292.0	54.4	60.2	77.1	116.5	308.2
Income taxes	-27.2	-17.4	-19.3	-16.7	-80.7	-12.1	-13.3	-16.9	-26.3	-68.5
Net profit for the period	95.4	67.7	75.2	-27.1	211.3	42.2	46.9	60.3	90.3	239.7
Net profit attributable to										
Equity owners of the parent	92.9	64.7	71.7	-30.2	199.1	40.6	45.0	57.9	88.2	231.7
Non-controlling interests	2.5	3.0	3.5	3.1	12.2	1.7	2.0	2.4	2.1	8.0
Net profit for the period	95.4	67.7	75.2	-27.1	211.3	42.2	46.9	60.3	90.3	239.7
Earning per share, basic, EUR	0.61	0.42	0.47	-0.20	1.30	0.26	0.29	0.38	0.58	1.51
Earning per share, diluted, EUR	0.60	0.42	0.46	-0.20	1.28	0.26	0.29	0.38	0.57	1.50

1) Includes items affecting comparability.

Kemira

Shares and Shareholders

Shares and share capital

On December 31, 2023, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles the holder to one vote at the Annual General Meeting.

Shareholders

At the end of December 2023, Kemira Oyj had 49,659 registered shareholders (48,403 on December 31, 2022). Non-Finnish shareholders held 34.7% of the shares (31.5% on December 31, 2022), including nominee-registered holdings. Households owned 19.0% of the shares (19.3% on December 31, 2022). Kemira held 1,722,725 treasury shares (1,990,197 on December 31, 2022), representing 1.1% (1.3% on December 31, 2022) of all company shares.

A list of Kemira's largest shareholders is updated monthly and can be found on the company website at **kemira.com/investors**.

Listing and trading

Kemira Oyj's shares are listed on Nasdaq Helsinki. The trading code for the shares is KEMIRA and the ISIN code is FI0009004824.

Kemira Oyj's share price increased by 17% during the reporting period and closed at EUR 16.79 on the Nasdaq Helsinki at the end of December 2023 (14.33 on December 31, 2022). The shares registered a high of EUR 18.22 and a low of EUR 13.51 in January–December 2023, and the average share price was EUR 15.36. The company's market capitalization, excluding treasury shares, was EUR 2,579 million at the end of December 2023 (2,198 on December 31, 2022).

In January–December 2023, Kemira Oyj's share trading turnover on the Nasdaq Helsinki was EUR 688 million (EUR 462 million in January–December 2022). The average daily trading volume was 174,707 shares (146,311 in January–December 2022). The total volume of Kemira Oyj's share trading in January–December 2023 was 57 million shares (49 million shares in January–December 2022), 23% (25% in January–December 2022) of which was executed on other trading platforms (e.g. Turquoise, CBOE DXE). Source: Nasdaq and Kemira.com.

Up-to-date information on Kemira's share price is available on the company's website at **kemira.com/investors**.

Dividend policy and dividend distribution

On December 31, 2023, Kemira Oyj's distributable funds totaled EUR 713,680,177 of which net profit for the period was EUR 104,191,302. No material changes have taken place in the company's financial position after the balance sheet statement date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 20, 2024 that a dividend of EUR 0.68 per share, totaling EUR 104 million, be paid on the basis of the adopted balance sheet for the financial year that ended on December 31, 2023. The dividend will be paid in two installments. The first installment, EUR 0.34 per share, will be paid to shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment: March 22, 2024. The Board of Directors proposes that the first installment of the dividend be paid out on April 4, 2024. The second installment, of EUR 0.34 per share, will be paid in November 2024. The second installment will be paid to shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment. The Board of Directors will decide the record date and the payment date for the second installment at its meeting in October 2024. The record date is planned for October 29, 2024, and the dividend payment date for November 5, 2024 at the earliest. Kemira's dividend policy is to pay a competitive dividend that increases over time.

Kemira's dividend policy is to pay a competitive dividend that increases over time.

Kemira

Board authorizations

The Annual General Meeting on March 22, 2023 authorized the Board of Directors to decide upon the repurchase of a maximum of 6,000,000 of the company's own shares. This corresponds to approximately 3.9% of all shares and votes in the company. The 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 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 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 would be 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 those of 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 on other terms related to the share repurchase. The Share repurchase authorization is valid until the end of the next Annual General Meeting. The authorization was not used by December 31, 2023.

The Annual General Meeting authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares (corresponding to approximately 10% of all company shares and votes) and/or transfer a maximum of 7,800,000 of the company's own shares (corresponding to approximately 5% of all company shares and votes) held by the company ("Share issue"). 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 disapplying 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 it 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 plans. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for the company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors shall decide upon other terms related to the share issues. The share issue authorization is valid until May 31, 2024. The share issue authorization has been used and shares owned by the Group were conveyed to members of the Board and key employees in connection with remuneration.

Management shareholding

The members of the Board of Directors as well as the Interim President and CEO and his Deputy held 214,529 (330,988) Kemira Oyj shares on December 31, 2023 or 0.14% (0.21%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Petri Castrén, Interim President and CEO, held 56,140 shares on December 31, 2023. Members of the Management Board, excluding the Interim President and CEO and his Deputy, held a total of 245,128 shares on December 31, 2023 (237,515), representing 0.16% (0.15%) 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 **kemira.com/investors**.

LARGEST SHAREHOLDERS DEC 31, 2023

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	33,553,000	21.6
2	Solidium Oy	7,782,765	5.0
3	Varma Mutual Pension Insurance Company	5,332,678	3.4
4	Nordea Funds	3,896,196	2.5
5	Ilmarinen Mutual Pension Insurance Company	3,700,000	2.4
6	Elo Mutual Pension Insurance Company	2,277,000	1.5
7	Etola Group Oy	1,000,000	0.6
8	Veritas Pension Insurance Company Ltd.	861,372	0.6
9	Laakkonen Mikko Kalervo	770,000	0.5
10	Nordea Life Assurance Finland Ltd.	738,047	0.5
11	The State Pension Funds	560,000	0.4
12	Paasikivi Pekka Johannes	462,200	0.3
13	Säästöpankki Funds	392,194	0.3
14	Valio Pension Fund	379,450	0.2
15	OP-Henkivakuutus Ltd.	340,902	0.2
	Kemira Oyj	1,722,725	1.1
	Nominee registered and foreign shareholders	53,835,387	34.7
	Others, Total	37,738,641	24.2
	Total	**155,342,557**	**100.0**

SHAREHOLDINGS BY NUMBER OF SHARES HELD ON DEC 31, 2023

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	19,087	38.4	919,462	0.6
101–500	18,297	36.8	4,839,778	3.1
501–1,000	5,882	11.8	4,503,491	2.9
1,001–5,000	5,381	10.8	11,238,360	7.2
5,001–10,000	574	1.2	4,126,138	2.7
10,001–50,000	351	0.7	6,560,370	4.2
50,001–100,000	38	0.1	2,666,853	1.7
100,001–500,000	33	0.1	6,160,766	4.0
500,001–1,000,000	7	0.0	5,296,157	3.4
1,000,001–	9	0.0	109,031,182	70.2
Total	**49,659**	**100.0**	**155,342,557**	**100.0**

Kemira

Information for Investors

Financial reports in 2024

Kemira will publish three financial reports in 2024.

April 26, 2024: Interim report for January–March
July 17, 2024: Half-year financial report for January–June
October 25, 2024: Interim report for January–September

The financial reports and related presentation material are available on Kemira's website at **kemira.com/investors**. Furthermore, Kemira's stock exchange and 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 releases by e-mail and order the company's Financial Statements.

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 Relations function is responsible for keeping the calendar up-to-date.

Annual General Meeting

Kemira's Annual General Meeting will be held on Wednesday, March 20, 2024 at 1.00 p.m. EET at Pikku-Finlandia, Karamzininranta 4, Helsinki, Finland. Shareholders who on the record date of the Annual General Meeting, March 8, 2024, are registered in the company's shareholders' register maintained by Euroclear Finland Ltd, are entitled to attend in the Annual General Meeting and exercise their rights as shareholders by voting in advance. Registered shareholders who are not attending the meeting in person, have the possibility to follow the Annual General Meeting via a live webcast, which is not deemed as official participation.

Registration for the Annual General Meeting will begin on February 20, 2024 and invitation and registration instructions have been published on February 9, 2024 as a stock exchange release and at Kemira's web site at **kemira.com/agm2024**.

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 241.

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.

Investor relations

Mikko Pohjala, Vice President, Investor Relations
+358 40 838 0709
mikko.pohjala@kemira.com

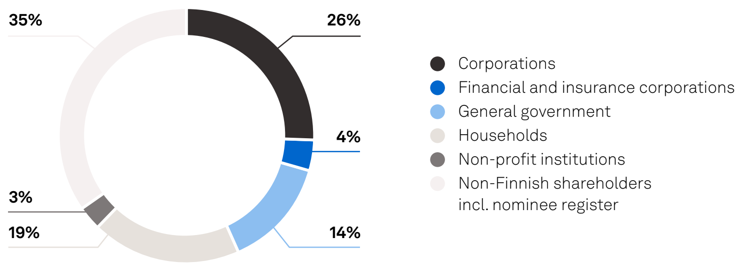
Basic share information

Listed on: Nasdaq Helsinki Ltd
Trading code: KEMIRA
ISIN code: FI0009004824
Industry group: Materials
Industry: Chemicals
Number of shares on December 31, 2022: 155,342,557
Listing date: November 10, 1994

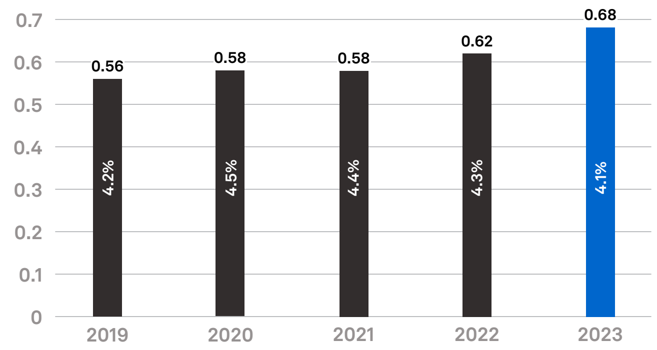
Kemira

SHARE PRICE 2019–2023

OWNERSHIP DECEMBER 31, 2023

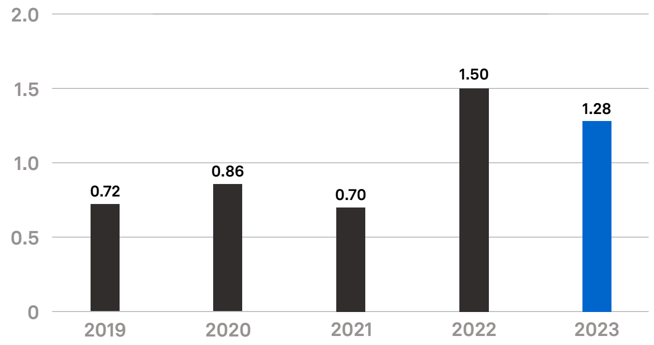


DIVIDEND PER SHARE, EUR AND DIVIDEND YIELD, %*



*The dividend for 2023 is the Board of Directors' proposal to the Annual General Meeting.

EARNINGS PER SHARE, DILUTED EUR



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

WWW.KEMIRA.COM