

KEMIRA GROUP STATEMENT FOR SLAVERY AND HUMAN TRAFFICKING

This statement covering our financial year 2017 is made pursuant to Section 54 of the Modern Slavery Act 2015 (UK), and is approved by the Kemira's Board of Directors.

1 OUR ORGANIZATIONAL STRUCTURE AND SUPPLY CHAINS

Kemira is a global chemicals company serving customers in water intensive industries. We provide expertise, application know-how and chemicals that benefit our customers by optimizing product quality and yield, enhancing process and energy efficiency, and ensuring that water quality meets end-use specifications and regulatory requirements. Kemira shares are listed on the Nasdaq Helsinki Ltd. Our business is organized into two customer-based segments: Pulp & Paper and Industry & Water. Our sourcing and supply chain management activities are organized as global functions supporting our business segments. We have approximately 13,500 suppliers consisting of 1,600 Direct material suppliers and 11,900 Indirect suppliers. Geographically approximately half of our suppliers reside in Europe. Despite of the large number of suppliers, some 10% of all suppliers account for 80% of the total spend.

2 OUR KEY POLICIES CONCERNING OUR BUSINESS RELATIONSHIPS

[Kemira Code of Conduct](#) sets the minimum standards of expected behavior for our employees and business partners, including respect and support to the human rights. Our internal policies and procedures provide more detailed guidance to steer our daily work and decision-making. Every Kemira employee receives regular training on our Code of Conduct. Kemira has zero tolerance for violations of this Code. According to Kemira's Sourcing and procurement policy, Kemira's suppliers are obliged to follow our [Code of Conduct for Suppliers, Distributors and Agents \(CoC-SDA\)](#) in their business activities with us. This code sets standards for business integrity, respecting human rights and appropriate working conditions, and protecting the environment. Supplier adherence to these principles is confirmed 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-SDA is integrated in the contract templates. We have continuous monitoring in place for those contracts exceeding certain spend thresholds to make sure we are reasonably covered. Reporting on potential misconduct relating to Kemira or our business partners can be sent to email address [responsibility\(at\)kemira.com](mailto:responsibility(at)kemira.com).

3 KEY ACTIVITIES IN 2017 TO ENSURE COMPLIANCE WITH OUR POLICIES ON BUSINESS RELATIONSHIPS

Kemira's Code of Conduct was reviewed, updated and approved by the Board of Directors in 2017. The renewal of the Code was followed by an extensive global training and communication campaign. Since 2013, we have required all of our employees to regularly complete the Code of Conduct training, which is currently available in 21 languages.

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Third party due diligence: We have reviewed our existing practices for effective Third party due diligence for our potential agents and distributors and introduced a new process to further develop our third party risk management. This process includes risk assessment, evaluating and training the third parties and ensuring their commitment to our Code of Conduct.

Code of Conduct for Suppliers, Distributors and Agents: By the end of 2017, a total of 96% (89%) of Kemira's contracted repeat suppliers had signed the CoC-SDA.

Supplier sustainability assessments: We continued enrolling new suppliers into our Sustainability program. A total of 135 suppliers have now gone through the assessment and have recorded an average score of 55, which is higher than industry average on assessed average 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 70% of the reassessed suppliers were able to improve their score.

Supplier audits: We target to conduct in average 5 sustainability audits for highest risk suppliers (i.e. suppliers with lowest sustainability assessment score) every year during 2016–2020, a cumulative target 25 by 2020. In 2017, we conducted four (4) SMETA (Sedex Members Ethical Trade Audit) audits in collaboration with an external service provider with no business stopping results. Based on the audit results, follow-up schemes and an implementation timeframe are in preparation. The majority of the corrective actions, for example, were related to health and safety and labor practices (working hours, holidays, paying minimum wage). Some of the completed corrective actions include the established child labor policy, improved safety etc.

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