

KEMIRA GROUP STATEMENT FOR SLAVERY AND HUMAN TRAFFICKING

This statement covering our financial year 2018 is made pursuant to Section 54 of the Modern Slavery Act 2015 (UK), and is approved by the Board of Directors of Kemira.

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 improve our customers' product quality, process and resource efficiency. Our focus is on pulp & paper, oil & gas and water treatment. Kemira shares are listed in the Nasdaq Helsinki Ltd.

Our business is organized into two customer-based segments: Pulp & Paper and Industry & Water. 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. We have approximately 13,700 suppliers consisting of 1,700 Direct material suppliers and 12,000 Indirect suppliers. Despite the large number of suppliers, approximately 10% of all suppliers account for around 80% of the total spend. Geographically, approximately half of our suppliers reside in Europe.

2 OUR KEY POLICIES CONCERNING OUR BUSINESS RELATIONSHIPS

Our supplier risk and compliance management defines the requirements for suppliers to do business with Kemira, as well as provides tools and processes for mitigating the sustainability risk with our suppliers.

[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, all of our suppliers must follow our [Code of Conduct for Suppliers, Distributors and Agents \(CoC-SDA\)](#) in relation to all of their dealings with Kemira. The CoC-SDA sets standards for business integrity, respecting human rights and appropriate working conditions, and protecting the environment. The CoC-SDA is communicated to all suppliers through the ordering process as part of Kemira 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-SDA 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. Reporting on any misconduct relating to Kemira or our business partners can be sent to email address [compliance\[at\]kemira.com](mailto:compliance[at]kemira.com).

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3 KEY ACTIVITIES IN 2018 TO ENSURE COMPLIANCE WITH OUR POLICIES ON BUSINESS RELATIONSHIPS

Code of Conduct training of Kemira employees: An extensive training and communication campaign about the Kemira Code of Conduct continued globally through 2018. A new online training course was launched to support ongoing training activities. Code of Conduct training is obligatory to all employees, and must be repeated at regular interval. A specific Human Rights training is part of the induction program of new employees.

Sustainability assessments of suppliers: We continued enrolling new suppliers into our Sustainability program. In 2018, a total of 167 (135 in 2017) suppliers have now gone through the assessment by Ecovadis and have recorded an average score of 54, 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 68% of the reassessed suppliers were able to improve their score.

Ethical audits of suppliers: In 2018, we conducted 3 Ethical audits (one follow-up and 2 new audits) with no business stopping results. Some of the common corrective actions were related to Management Systems (training, policy or documentation), Health and Safety (e.g. fire safety), Wages and Working hours (minimum wage, holiday pay, working hours) and Business Ethics (policy, training). Some of the completed improvement actions were related to Human rights (e.g. policy), Health and Safety (fire safety, emergency lights and exits) and Wages and Working hours (minimum wages and time records).

Quality audits of suppliers: Large spend suppliers also undergo quality audits, which include management systems, workplace health and safety standards, production quality and supply security. In 2018, 25 quality audits were conducted.

Integrated management system covering our operations: Kemira has a principle that all operations under our Integrated Management System meet the international standards ISO 9001:2015 for Quality and ISO 14001:2015 for Environment and OHSAS 18001:2007 for Occupational Health and Safety. Our Integrated Management System is externally audited through a three-year audit scheme. In 2018, we had 54 (60 in 2017) internal and external management systems audits, including manufacturing sites, major office locations and R&D centers, and approximately 85% of the manufacturing sites were certified to the earlier mentioned standards.

Jari Rosendal
President and CEO, Kemira Oyj

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