

# **Remuneration Statement 2019**

## Remuneration Statement 2019

### INTRODUCTION

This remuneration statement describes Kemira's remuneration principles and the remuneration of the Board of Directors and the operative management, i.e., the President & CEO, the Deputy CEO and the other members of the Management Board in 2019. The remuneration statement has been prepared in accordance with the Finnish Corporate Governance Code 2015.

The remuneration statement is divided into following sections:

- Key principles of remuneration
- Decision-making procedure concerning the remuneration
- Management remuneration
- Board of Directors remuneration

### KEY PRINCIPLES OF REMUNERATION

The remuneration at Kemira is designed to drive the company's long-term financial success, business strategy and positive development of the shareholder value.

Kemira's key remuneration principles are:

- Pay-for-performance is Kemira's main principle in remuneration. Kemira acknowledges and rewards for good performance and achievements. Kemira strives to establish a clear link between company and employee performance and success.
- Competitive, market driven remuneration ensures that Kemira can attract, motivate and retain the best employees for Kemira. Kemira regularly benchmarks its remuneration against relevant geographic and industry market.
- Effective communication of remuneration principles and programs ensures transparency both internally and externally. Reward principles and programs are communicated to employees and external stakeholders.
- Compliance with local laws and Kemira's internal remuneration approval principles is a prerequisite for remuneration at Kemira. Kemira has implemented internal controls to ensure compliance.

### DECISION-MAKING PROCEDURE CONCERNING THE REMUNERATION

The General Meeting decides on the remuneration of the Board of Directors. The Nomination Board consisting of the representatives of the four largest shareholders of Kemira Oyj prepares annually a proposal for the next General Meeting concerning the composition and remuneration of the Board.

The Board of Directors decides the salaries, other remuneration and the terms of employment of the President & CEO, the Deputy CEO and the other members of the Management Board. The Personnel and Remuneration Committee of the Board assists the Board of Directors by preparing matters related to remuneration of the President & CEO, his Deputy and the other members of the Management Board.

## REMUNERATION REPORT

### MANAGEMENT REMUNERATION 2019

Remuneration of the President & CEO, and the other members of the Management Board comprises a base salary, benefits and performance-based incentive plans. The incentive plans consist of an annual short-term bonus plan and a long-term share incentive plan. No remuneration is paid to the Deputy CEO based on CEO substitution.

### REMUNERATION PAID TO THE MANAGEMENT BOARD

In 2019, the total remuneration paid to President & CEO Jari Rosendal amounted to EUR 1,109,879 (2018:EUR 1,021,520), including the base salary and benefits, supplementary pension and short-term bonus based on the 2018 performance period of EUR 90,720 (2018: 109,080) and long-term share incentive based on the performance period 2018 of 11,640 shares, value EUR 311,539 including cash portion of the reward (2018:13,600 shares, EUR 345,440).

In 2019, the total remuneration paid to the other members of the Management Board amounted to EUR 2,711,592 (2018: EUR 2,835,124), including the base salaries and benefits, short-term bonuses of EUR 228,536 (2018: EUR 265,561) and long-term share incentives based on the performance period 2018 32,010 shares, total value of EUR 730,850 including cash portion (2018: 33,220, EUR 803,147).

REMUNERATION REPORT	Salary and benefits (EUR)	Short-term bonus plan (EUR)	Long-term share incentive plan (EUR)	Total 2019 (EUR)	Total 2018 (EUR)
Managing Director Jari Rosendal	707,620	90,720	311,539	1,109,879	1,021,520
Other members of the management board	1,752,206	228,536	730,850	2,711,592	2,835,124

\* Long-term incentive plans include a cash portion intended to cover the taxes of the reward.

\*\* Base salary and benefits of Managing Director include car, mobile phone and supplementary pension

\*\*\*Other members of the Management Board 2019: CFO Petri Castrén, CTO Matthew R. Pixton, President Pulp and Paper Kim Poulsen, EVP Operational Excellence Esa-Matti Puputti, President Industry and Water Antti Salminen, EVP Human Resources Eeva Salonen. No remuneration was paid to the Deputy CEO based on CEO substitution in 2019.

### SHORT-TERM BONUS PLAN FOR THE MANAGEMENT

The objective of the short-term bonus plans is to drive the annual objectives and priorities of the company, ensuring alignment with the company strategy and the shareholders' interests.

The short-term bonus plan for the President & CEO, and other members of the Management Board is determined based on the achievement of the Kemira Group, Segment level and role based targets set by the Board of Directors for each financial year.

In 2018 and 2019, the maximum bonus for the CEO was 70% of the annual base salary, and for the other members of the Management Board from 60 to 80% of the annual base salary.

In the 2019 earning period, the criteria for the short-term incentive plans were determined on the basis of the

operative cash flow after investing activities, operative EBITDA in EUR and in margin, safety related KPI's of Kemira Group, and role based targets. The reward from the 2019 earning period will be paid in February 2020.

In the 2018 earning period, the criteria for the short-term incentive plans were determined on the basis of the operative cash flow after investing activities, operative EBITDA margin, safety related KPI's of Kemira Group, and role based targets. The reward from the 2018 earning period was paid in February 2019.

### LONG-TERM SHARE INCENTIVE PLANS

The objective of the long-term share incentive plans is to combine the interests of the shareholders and the President & CEO, and the other members of the Management Board in order to increase the value of Kemira and to commit the President & CEO, and the other members of the Management Board to Kemira.

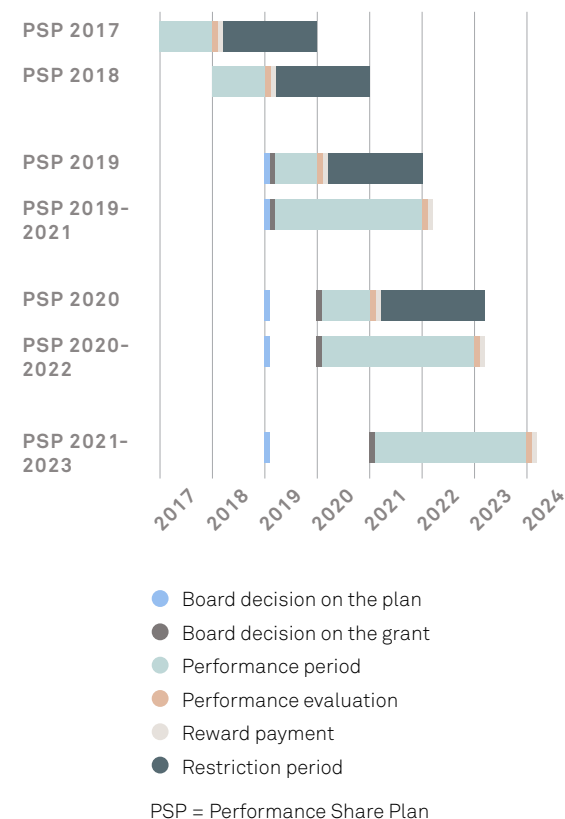
## LONG-TERM SHARE INCENTIVE PLANS 2015–2017 AND 2018

<b>DECISION-MAKING</b>	On December 15, 2014, 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, and on February 7, 2018 the Board of Directors of Kemira Oyj resolved to continue the plan for 2018. The Personnel and Remuneration Committee received advice for the planning work of the long-term share incentive plan from an external incentive advisor.
<b>EARNING PERIODS AND CRITERIA</b>	<p>The long-term share incentive plan included four performance periods: calendar years 2015, 2016, 2017 and 2018. The Board of Directors of Kemira decided on the plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period.</p> <p>The criterion for the performance period 2018 was Kemira Group's Intrinsic Value.</p>
<b>REWARDS</b>	<p>The potential reward was paid partly in Kemira's shares and partly in cash. The cash portion was intended to cover the taxes and tax-related costs arising from the reward to the participant.</p> <p>Based on the 2018 performance period a reward of 140,844 Kemira Oyj shares was paid out in March 2019. Additionally, a cash portion intended to cover taxes and tax related costs was paid out to the participants in connection with the delivery of the shares. The plan was directed to 78 people in the earning period 2018.</p>
<b>RESTRICTION PERIODS</b>	The shares paid as reward may not be transferred during the restriction period, which will end two years from the end of the performance period. For the reward paid out in 2019, the restriction period will end on December 31, 2020.
<b>EMPLOYMENT CONDITIONS</b>	As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment. Should a participant's employment or service end during the restriction period, as a rule, he or she must gratuitously return to the company the shares given as reward.
<b>CLAWBACK</b>	Clawback provisions apply to the rewards paid under this plan in exceptional circumstances, such as misconduct or misstatement of financial results.
<b>SHARE OWNERSHIP GUIDELINES</b>	The Board of Directors recommends that a member of the Management Board will own such number of Kemira's shares that the total value of his or her shareholding corresponds to the value of his or her annual gross salary as long as the membership continues. If this recommendation is not yet fulfilled, the Board of Directors recommends that a member of the Management Board will hold 50 per cent of the number of shares given on the basis of this plan also after the end of the restriction period, as long as his or her shareholding in total corresponds to the value of his or her annual gross salary.

## LONG-TERM SHARE INCENTIVE PLAN 2019–2023

<b>DECISION-MAKING</b>	<p>In December 2018, the Board of Directors of Kemira Oyj decided to establish a long-term share incentive plan for the years 2019 – 2023 directed to a group of key employees in Kemira. The Personnel and Remuneration Committee received advice for the planning work of the long-term share incentive plan from an external incentive advisor.</p>
<b>EARNING PERIODS AND CRITERIA</b>	<p>The long-term share incentive plan includes two one-year performance periods, years 2019 and 2020, and three three-year performance periods: years 2019–2021, 2020–2022 and 2021–2023. This structure enables a gradual shift from one-year performance periods to three-year performance periods.</p> <p>In the beginning of each performance period, the Board of Directors decides on the plan's performance criteria, the required performance levels for each criterion, and the plan's participants and share allocations during the performance period.</p> <ul style="list-style-type: none"> <li>For the performance period 2019, the performance criterion is Kemira Group's Intrinsic Value, and the potential reward will be paid out in 2020. For the performance period 2019–2021, the performance criterion is Kemira Group's average Intrinsic Value 2019–2021, and the potential reward will be paid out in 2022.</li> <li>During the performance periods 2019 and 2019–2021, the long-term share incentive plan is directed to approximately 90 people. The rewards potentially payable on the basis of the performance periods 2019 and 2019–2021 may amount up to a maximum of 643,500 Kemira Oyj shares.</li> <li>For the performance period 2020, the performance criterion will be Kemira Group's Intrinsic Value, and the potential reward will be paid out in 2021. For the performance period 2020–2022, the performance criterion will be Kemira Group's average Intrinsic Value 2020–2022 and Kemira Group's Organic Growth 2020–2022, and the potential reward will be paid out in 2023.</li> <li>During the performance periods 2020 and 2020–2022, the long-term share incentive plan is directed to approximately 90 people. The rewards potentially payable on the basis of the performance periods 2020 and 2020–2022 may amount up to a maximum total of 643,500 Kemira Oyj shares.</li> </ul>
<b>REWARDS</b>	<p>The potential reward will be paid partly in Kemira's shares and partly in cash. The cash portion is intended to cover the taxes and tax-related costs arising from the reward to the participant.</p>
<b>RESTRICTION</b>	<p>For the one-year performance periods (2019 and 2020), the shares paid as reward may not be transferred during the restriction period, which will end two years from the end of the performance period. No restriction period applies to the three-year performance periods.</p>
<b>EMPLOYMENT</b>	<p>As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment. Should a participant's employment or service end during the restriction period, as a rule, he or she must gratuitously return to the company the shares given as reward.</p>
<b>CLAWBACK</b>	<p>Clawback provisions apply to plan rewards in exceptional circumstances, such as misconduct or misstatement of financial results.</p>
<b>SHARE OWNERSHIP GUIDELINES</b>	<p>The Board of Directors recommends that a member of the Management Board will own such number of Kemira's shares that the total value of his or her shareholding corresponds to the value of his or her annual gross salary as long as the membership continues. If this recommendation is not yet fulfilled, the Board of Directors recommends that a member of the Management Board will hold 50 per cent of the number of shares given on the basis of this plan also after the end of the restriction period, as long as his or her shareholding in total corresponds to the value of his or her annual gross salary.</p>

## OVERVIEW OF LONG-TERM INCENTIVES PLANS



## EMPLOYMENT TERMS OF THE PRESIDENT & CEO

### EMPLOYMENT TERMS OF THE PRESIDENT & CEO AS OF DECEMBER 31, 2019

<b>BASE SALARY AND BENEFITS</b>	The annual base salary and benefits is EUR 707,620, including car, mobile phone and supplementary pension.
<b>INSURANCES</b>	The President & CEO is entitled to insurances such as life and permanent disability, private accident, business travel, and directors' and officers' liability. The President & CEO participates in the company sickness fund.
<b>PENSION</b>	The President & CEO is entitled to a supplementary defined contribution pension plan. The supplementary pension is defined as 20% of annual base salary. The retirement age of the President & CEO is 63 years.
<b>SHORT-TERM INCENTIVES</b>	The President & CEO is entitled to a short-term incentive plan. The maximum bonus is 70% of the annual base salary.
<b>LONG-TERM INCENTIVES</b>	The President & CEO is entitled to a long-term incentive plan. Based on the terms of the share plan, the maximum reward is determined as a number of shares and a cash portion intended to cover taxes and the tax related costs arising from the reward.
<b>TERMINATION</b>	A mutual termination notice period of 6 months applies to the President & CEO. He is entitled to a severance pay of 12 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.

## MAIN EMPLOYMENT TERMS OF THE MANAGEMENT BOARD AND DEPUTY CEO

**Insurances:** The members of the Management Board are entitled for life and permanent disability, private accident, business travel, and directors' and officers' liability insurances, and participate in the company sickness fund or other similar arrangement.

**Pension:** Except the President & CEO members of the Management Board who are employed by a Finnish Kemira company do not have any supplementary pension arrangements in addition to the statutory pensions. Members of the Management Board who are employed by a foreign Kemira company participate in pension systems based on statutory pension arrangements and market practices in their local countries.

**Incentives:** Members of the Management Board are eligible for short- and long-term incentive plans.

**Termination:** Depending on country practices, mutual termination notice period of 1 to 6 months applies to the members of the Management Board except for the President & CEO. In addition, a severance payment of 6 to 9 months' salary is paid to the member of the Management Board if the company terminates the employment agreement without a cause attributable to the person.

## BOARD OF DIRECTORS REMUNERATION

According to the decisions made in the General Meeting 2019, 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 follows:

- the Chairman will receive EUR 92,000 per year,
- the Vice Chairman and the Chairman of the Audit Committee EUR 55,000 per year and
- the other members EUR 44,000 per year.

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

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

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

and 60% is paid in cash. The General Meeting decided that the shares will be transferred to the members of the Board of Directors within two weeks after the release of Kemira's interim report January 1–March 31, 2019.

The following amounts of shares were paid on May 8, 2019 as part of the annual fee decided by the Annual General Meeting 2019:

- the Chairman received 2,993 shares
- the Vice Chairman and Chairman of the Audit Committee 1,789 shares
- the other members 1,431 shares.

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

## THE REMUNERATION OF THE BOARD OF DIRECTORS

	2019 (EUR)	2018 (EUR)
Jari Paasikivi, chairman	102,200	91,489
Kerttu Tuomas, vice chairman	62,800	57,087
Wolfgang Büchele	54,800	48,351
Shirley Cunningham	65,600	57,951
Kaisa Hietala	51,800	47,151
Timo Lappalainen	65,200	60,687
<b>Total</b>	<b>402,400</b>	<b>362,716</b>

# Kemira

**KEMIRA** is a global chemicals company serving customers in water intensive industries. We provide best suited products and expertise to improve our customers' product quality, process and resource efficiency. Our focus is on pulp & paper, oil & gas and water treatment. In 2019, Kemira had annual revenue of around EUR 2.7 billion and over 5,000 employees. Kemira shares are listed on the Nasdaq Helsinki Ltd.

**[WWW.KEMIRA.COM](http://WWW.KEMIRA.COM)**

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