

## **The Board of Directors' statement regarding compensation to leading employees**

The guidelines for compensation to leading employees for 2015 are similar to the guidelines applicable for 2014.

### **1. Salary and remuneration other than share options**

The competencies, performance and dedication of our employees are critical success factors for the short term and long term value creation of REC. Hence, key compensation goals are to support attraction, development and retention of the right talent, reward past achievements, and incentivize future strong performance, world class operations capabilities, and practice of our Core Values. Compensation packages should be put together to support this goal.

Fixed base salary levels are determined locally and reflect local market average levels for corresponding positions and qualifications in relevant businesses.

Performance bonuses are considered and provided for selected individuals whose achievement of performance objectives can be measured through clearly defined result parameters/KPIs (Key Performance Indicators). Result parameters/KPIs include both financial performance targets set for REC Silicon as well as individual performance targets tied to the individual's area of responsibility. Maximum performance bonus payout is defined on an individual basis in the range between 15 percent and 20 percent of yearly fixed base salary. Maximum performance bonus payout for REC Silicon Management varies between 33-100 percent of the yearly fixed base salary.

REC offers supplementary pension and personnel insurance schemes to employees in accordance with normal standard for similar companies in the countries/states where they are employed.

Severance payment agreements are described in Note 16 to the 2014 Financial Statements.

In addition to the above mentioned compensation components, REC offers a car allowance, phone coverage and a limited number of other benefits to selected employees.

### **2. Incentive program**

The Board of Directors also wishes to implement a synthetic incentive program in 2015 whereby employees' entitlements are linked to the share price development of the company's shares. The program will be a six year program, where the first three years is a lock up period and the next three years will be the period over which the incentive payments will become payable, provided always that the share price is above the strike price. The strike price will be set at the time of grant to the market price at such time + 10%. There will be a maximum gain in each calendar year for each employee under the program, equal to the base salary for the employee for the calendar year. The entitlements under the program will be lost if the employee's employment is terminated. For the next financial year, the total grant under this program will not exceed 8 million shares, or 0.35% of the share capital.

### **3. Compliance of management compensation policy for 2014**

The guidelines for determination of salary and other compensation for leading employees, as outlined for the Annual General Meeting in 2014, have been complied with in 2014. The guidelines are found in Note 16 to the 2014 Financial Statements.