

The Board of Directors' statement regarding compensation to leading employees

The guidelines for compensation to leading employees for 2019 are similar to the guidelines applicable for 2018.

1. Salary and remuneration other than share options

The success of REC is dependent on the competencies, performance and dedication of our employees. Compensation packets are designed to support recruitment, development and retention of the right talent, reward past achievements, and incentivize future strong performance.

Fixed base salary levels are determined based on the local market conditions for positions. Performance bonuses are considered and provided for employees whose achievement of performance objectives can be measured through clearly established result parameters or Key Performance Indicators (KPIs). KPI's should include both financial performance and operational performance tied to each operating facility. Maximum performance bonus payouts are defined in the bonus plan document and range from 15 percent to 20 percent of an employee's annual salary. Bonus payouts are contingent upon the company's financial condition and performance. Maximum performance bonus payout for REC Silicon Management varies between 33 percent and 100 percent of their established annual salary. REC Silicon offers supplementary pension, 401K, and personnel insurance to employees.

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 implemented a synthetic incentive program in 2014 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 12 million shares (adjusted for share splits, share consolidation, and similar changes to the share capital).

3. Compliance of management compensation policy for 2018

The guidelines for determination of salary and other compensation for leading employees, as outlined for the Annual General Meeting in 2018, have been complied with in 2018. The guidelines are found in the 2018 Financial Statements.