



EXEL COMPOSITES PLC'S REMUNERATION STATEMENT

This remuneration statement is prepared in accordance with the Finnish Corporate Governance Code.

Principles of remuneration and the decision-making process

Exel Composites' remuneration principles are developed to promote the competitiveness and long-term financial success of the Company and to contribute to the development of the Company's shareholder value. Another aim of the remuneration principles is to increase the long-term commitment of the Board, the President and CEO and the Group Management Team to promote the interests of the Company and its shareholders as well as to attract, retain and motivate key personnel globally. To ensure the alignment of compensation with the Company's financial performance, remuneration principles are based on predetermined and measurable performance and result criteria. Exel Composites' remuneration components include fixed base salary, short-term performance-based bonus and a long-term performance-based reward.

The Annual General Meeting determines annually the remuneration of the Board members on the basis of the Shareholders' Nomination Board's proposal.

The Board of Directors decides on the remuneration and other terms of employment of the President and CEO.

The President and CEO presents the remuneration of the other members of the Group Management Team to the Board, which approves the remuneration and the main terms of employment of the Group Management Team members.

Authorization to repurchase Company's own shares as part of incentive program

The Annual General Meeting held on 26 March 2015 authorized the Board of Directors to repurchase the Company's own shares by using unrestricted equity. The maximum amount to be acquired is 600,000 shares. Shares may be repurchased to be used as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, as part of the Company's incentive program or to be retained, otherwise conveyed or cancelled by the Company. The share repurchase authorization is valid until 30 June 2016. The authorization was not exercised in 2015.

Board remuneration

The AGM held in 2015 confirmed the following compensation for Board members for the year 2015:

Chairman of the Board: EUR 36,000 per annum and additionally EUR 1,500 per meeting.

Other Board members: EUR 18,000 per annum and additionally EUR 1,000 per meeting.

According to a decision of the Annual General Meeting held in 2015, 60 per cent of the yearly remuneration was paid in cash and 40 per cent in Exel Composites Plc shares, which were acquired directly for and on behalf of the members of the Board of Directors during 31 March – 10 April 2015 from the stock exchange market in amounts corresponding to EUR 14,400 for the Chairman and EUR 7,200 for each of the other members. Should the term of any member of the Board of Directors come to an end for whatever reason before the next Annual General Meeting, such member of the Board of Directors will have to return to the Company the remuneration or equivalent amount in cash already received but not yet earned at that point in time.

The Board of Directors convened 9 times in 2015. The table below describes the remuneration received by the Board in 2015 (EUR 1,000).

Name	Position	Annual Fixed Fees 2015	Meeting Fees 2015	Total Fees 2015	Total Fees 2014
Peter Hofvenstam	Chairman	36	14	50	46
Heikki Hiltunen	Member	18	8	26	23
Matti Hyytiäinen (as of 26.3.2015)	Member	18	8	26	-
Göran Jönsson (until 26.3.2015)	Member	-	1	1	24
Reima Kerttula	Member	18	9	27	24
Kerstin Lindell	Member	18	8	26	24
TOTAL		108	48	156	141

In addition, travel expenses and other out-of-pocket expenses arising from the Board work were compensated in accordance with the Company's established practice and travel rules. Exel Composites has no such incentive program by which the Company rewards the Board members with shares or option rights. The Board members are neither entitled to a short-term performance-based bonus.

The members of the Shareholders' Nomination Board are not remunerated by Exel Composites for their membership in the Shareholders' Nomination Board. The members' expenses are reimbursable in accordance with the Company's established practice and travel rules.

Remuneration and service contract of the President and CEO

The remuneration scheme of the President and CEO consists of a fixed monthly base salary, a performance-based bonus on an annual basis and a long-term incentive compensation.

The President and CEO's pension is determined in accordance with the statutory Finnish employee pension scheme (TyEL) that links the benefits directly to the President and CEO's earnings. The President and CEO's retirement age is 63 years. The President and CEO has no separate pension agreement.

According to the employment contract, the period of notice of the President and CEO is six months and the severance pay in the case of termination by the Company corresponds to 12 months' salary.

Remuneration of the Group Management Team and performance-based bonus

Compensation for the members of the Group Management Team comprises a fixed monthly base salary and fringe benefits as well as a performance-based bonus on an annual basis and long-term incentive compensation.

The amount of the bonus and the performance criteria are annually determined by the Board of Directors of Exel Composites. The Board also evaluates whether the performance criteria have been met. In 2015, the key financial performance criteria of the performance-based bonus based on 2015 results were turnover growth, EBIT and OWC turnover. In 2015, the maximum annual bonus for the President and CEO was a maximum of 50 per cent of his annual base salary. For the other members of the Group Management Team the maximum annual bonus was 40 per cent of their respective annual salary.

There are no additional pension schemes for the Group Management Team members.

Long-term incentive compensation

The Group has long-term incentive programs for the President and CEO and the Group Management Team and selected key employees of the Company. The aim of the programs is to combine the objectives of the shareholders and the executives in order to increase the value of the Company, to commit the executives to the Company and to offer the executives a competitive reward program. The Board of Directors makes the decision on the program annually.

The earning period for the long-term incentive program of 2012 ended in 2014. Based on the program a gross amount of 20,048 matching shares were acquired for the participants in 2015. There is a retention period of two years before the title of the shares is transferred to the participants. No monetary performance reward was earned and therefore no monetary performance reward was paid.

On 31 December 2015 the Group had three long-term incentive programs:

The 2013 program is based on a long-term monetary incentive program and is targeted at 20 executives for the earning period 2013 – 2015. The potential long-term monetary

performance reward from the program is based on the Group's cumulative Economic Profit and on the Group's Total Shareholder Return (TSR). The potential reward will be paid in 2016. The maximum reward to be paid on the basis of the earning period 2013 – 2015 will be EUR 1 million. The accrued cost for 2015 was EUR 131 thousand.

The 2014 program is based on a long-term monetary incentive program and is targeted at 20 executives for the earning period 2014 – 2016. The potential long-term monetary performance reward is based on the Group's cumulative Economic Profit and on the Group's Total Shareholder Return (TSR). The potential reward will be paid in 2017. The maximum reward to be paid will be EUR 1 million. The accrued cost for 2015 was EUR 293 thousand.

The 2015 program is based on a long-term monetary incentive program and is targeted at 25 executives for the earning period 2015 – 2017. The potential long-term monetary performance reward is based on the Group's cumulative Economic Profit and on the Group's Total Shareholder Return (TSR). The potential reward will be paid in 2018. The maximum reward to be paid will be EUR 1.5 million. The accrued cost for 2015 was EUR 156 thousand.

No reward will be paid to an executive based on the 2013, 2014 and 2015 programs described above, if his or her employment or service with the Company ends before the reward payment unless the executive is leaving the Company due to retirement or unless the Board decides otherwise.

The cost of the programs will be accounted for as operating expenses during the duration of the programs.

2015 financial benefits of the President and CEO and Group Management Team, EUR 1,000

	Fixed annual base salary	Fringe benefits	Performance -based bonus based on 2014 results	Long-term compensation	Total 2015	Total 2014
President and CEO	300	0	134	0	434	275
Management Group	766	34	218	67	1,085	619
TOTAL	1,066	35	352	67	1,519	894

The share ownership of the President and CEO and the other Group Management Team members is presented on Exel Composites Plc's website at www.exelcomposites.com.