

Remuneration statement 2015

Review of compensation arrangements of the Board of Directors and the Leadership Team of Outokumpu Group

Decision making process and main principles of rewarding in Outokumpu

Decision process for different compensation elements

The Board of Directors nominates and dismisses the CEO and his/her possible deputy and decides on their terms of service, including base salary, fringe benefits, pension benefits and incentive schemes.

The Remuneration Committee of the Board determines and approves the terms of service, including salaries, bonuses, pension benefits and other benefits, of the Outokumpu Leadership Team members other than the CEO and his/her deputy.

The Board of Directors decides on the interpretation and implementation of the terms and conditions, and on any other matters relating to the share-based incentive programs. The Board also decides on the exact contents of the performance criteria, and any possibly changes to them.

The remuneration of the Board of Directors is decided annually by the Annual General Meeting.

Main principles of rewarding in Outokumpu

The compensation of the CEO and the members of the Leadership Team consist of base salary, fringe benefits, short-term incentives, share-based long-term incentives and pension arrangements. The total compensation is reviewed regularly by the Board of Directors. The review includes benchmarking the different components of total remuneration to market practices in corresponding positions.

Board of Directors

Board members' compensation

The fees payable to the Board members until the next Annual General Meeting, confirmed by the 2015 Annual General Meeting, are as follows:

Annual fee in EUR	
Chairman	140 000
Vice Chairman	80 000
Other Board members	60 000

40 % of the annual fee is paid in Outokumpu shares purchased from the market and 60% in money. The shares are freely disposable after delivery. The members of the Board are not entitled to any other share-based rewards.

In addition to the annual fee, all members of the Board of Directors are paid a meeting fee of EUR 600 (EUR 1 200 for Board members residing outside Finland). The meeting fee is also payable for the meetings of the Board committees.

Remuneration elements of the Leadership Team

Share of short-term and long-term compensation

The aggregate gross value of the short-term and long-term incentives, "the variable pay", paid to the members of the Leadership Team in any individual year may not exceed 200 % of the executive's annual base salary. If an executive's variable pay would exceed the above mentioned level, the elements of the variable pay will be cut accordingly to the extent decided by the Company. In 2015, the maximum reward from the short-term incentive program is 50 % of the annual base salary for the CEO and the other members of the Leadership Team.

Fixed elements of compensation

The fixed elements of compensation of the CEO and the members of the Leadership Team consist of base salary, fringe benefits and pension arrangements. No separate remuneration is paid to the Group CEO or members of the Leadership Team for membership of this Team or the Group's other internal governing bodies.

Pension arrangements

The retirement age for the members of the Leadership Team is 63 years and they participate in the local retirement programs applicable to employees in the country where their employing company is located. The members residing in Finland participate in the Finnish TyEL pension system, in addition to which they are entitled to a defined contribution pension plan. The

targeted pension is 60 % of the annual salary at the age of 63 and the maximum premium is 25 % of an individual's annual earnings, excluding share awards. The pension benefits of the Leadership Team members employed outside of Finland vary in line with the local market practices.

Short-term incentives

The earning period of the short-term incentive program is calendar year. Possible rewards are paid for the participants after the publishing of the annual accounts in the following year.

In 2015, the maximum reward from the short-term incentive program is 50 % of the annual base salary for the CEO and for the other members of the Leadership Team. The pay-out will be based on the achievement of set operational and financial objectives.

Outokumpu share-based incentive programs

Outokumpu's long-term incentive programs have been devised as part of the key employee incentive and commitment system. The objective of the programs is to reward selected employees for good performance which supports Outokumpu's strategy, to engage them and to form part of a competitive incentive package. The purpose of the programs is also to direct the employees' attention to achieving Outokumpu's financial targets and increasing shareholder value over a longer period of time.

No new shares will be issued in connection with the share-based incentive programs and therefore the

programs will have no diluting effect. Outokumpu has currently no active stock option programs.

Performance Share Plan 2012

Performance Share Plan 2012 offers a possibility to receive Outokumpu shares as a long-term incentive reward, if the targets set by the Board of Directors for each earnings period are achieved. It consists of annually commencing performance share plans. Each plan contains a three-year earnings period after which the share rewards possibly earned will be delivered to the participants. The share grants are expressed as gross number of shares. If the performance criteria set by the Board are met, applicable taxes will be deducted of the achieved gross award and the remaining net value will be delivered to the participants in Outokumpu shares.

The first plan, plan 2012-2014, ended in the end of December 2014. The earnings criteria were Earnings Before Interest and Taxes (EBIT) for the year 2012, Earnings Before Interest and Taxes, Depreciation and Amortization (EBITDA) for the year 2013 and improvement in Earnings Before Interest and Taxes (delta EBIT) for the year 2014, representing altogether 70 % weight of the total reward and relative Total Shareholder Return (TSR) over the three-year period with 30% weight of the total reward. Based on the achievement of the set criteria, 23,33 % of the maximum award will be paid to the plan participants by the end of April 2015.

March 31, 2015 status of the on-going Performance Share Plans:

Performance Share Plan 2012 (PSP)	Plan 2013-2015	Plan 2014-2016	Plan 2015-2017
Number of participants	112	131	143
Maximum number of gross shares to be paid 1)			
CEO	127.620	200.100	170.250
Other Leadership Team members	224.820	376.500	453.000
Other participants	770.850	1.301.094	1.343.700
Total maximum number of gross shares to be paid 1)	1.123.290	1.877.694	1.966.950
Earning criteria	EBITDA for year 2013, EBIT improvement for year 2014, EBIT excluding non-recurring items for year 2015, Outokumpu share price adjusted by dividends at the end of the three-year period, and annual Innoxum transaction related synergies.	EBIT improvement for year 2014, EBIT excluding non-recurring items for year 2015, Business Cash flow and Return on Capital Employed (ROCE).	EBIT excluding non-recurring items for year 2015, Business Cash flow and Return on Capital Employed (ROCE) ranking among peers.
Share delivery year	2016	2017	2018

1) The maximum number of gross shares (taxes included) payable if the set performance targets are achieved in full.

Restricted Share Pool

Restricted Share Pool program consists of annually commencing plans with a three-year vesting period after which the allocated share rewards will be delivered to the participants provided that their employment with Outokumpu continues uninterrupted throughout the duration of the plan, until the shares are delivered. The share grants are expressed as gross

number of shares. Applicable taxes will be deducted of the gross award and the remaining net value will be delivered to the participants in Outokumpu shares.

Restricted share grants are approved annually by the CEO on the basis of the authorization granted by the Board of Directors, with the exception of possible allocations to Leadership Team members, which will be approved by the Remuneration Committee.

March 31, 2015 status of the on-going Restricted Share Pool plans:

Restricted Share Pool (RSP)	Plan 2013-2015	Plan 2014-2016	Plan 2015-2017
Number of participants	3	6	-
Number of gross shares to be paid 1)			
CEO	-	-	-
Other Leadership Team members	7.500	-	-
Other participants	7.200	20.700	-
Total number of gross shares to be paid 1)	14.700	20.700	320.000 2)
Share delivery year	2016	2017	2018

- 1) The gross number of shares (taxes included) paid if the employment has continued until the delivery date of the shares and no notice of termination has been given prior to the delivery date.
- 2) The maximum number of gross shares (taxes included) that can be allocated by the CEO from the 2015-2017 plan

Guidelines for ownership of shares received from incentive schemes

Outokumpu maintains a share ownership requirement policy pursuant to which members of the Outokumpu Leadership team are required to maintain a specific minimum share ownership in the company as long as he/she is a member of the Leadership Team.

In accordance with the share ownership policy, members of the Outokumpu Leadership Team are obliged to hold Outokumpu shares acquired or received

under incentive programs for the value of their annual gross base salary (including fringe benefits and holiday allowance and excluding any bonuses or any other variable compensation). In line with the Terms and Conditions of the Performance Share Plan 2012 and Restricted Share Pool programs, 50 % of the net shares received under the programs must be used to fulfil the above ownership requirement.

Shares allocated from the share-based incentive programs (March 31, 2015 status)

Executive	Performance Share Plan 2013-2015 1)	Performance Share Plan 2014-2016 1)	Performance Share Plan 2015-2017 1)	Restricted Share Pool 2013-2015 2)
Mika Seitovirta	127.620	200.100	170.250	-
Pekka Erkkilä	32.400	55.200	49.500	-
Reinhard Florey	38.880	55.200	75.000	-
Kari Parvento	38.880	55.200	49.500	-
Olli-Matti Saksi	14.940	45.000	75.000	7.500
Johann Steiner	38.880	55.200	49.500	-
Saara Tahvanainen	7.020	10.500	30.000	-
Kari Tuutti	38.880	55.200	49.500	-
Michael Wallis	14.940	45.000	75.000	-

¹⁾ The maximum number of gross shares (taxes included) payable if the set performance targets are achieved in full.

²⁾ The gross number of shares (taxes included) payable in spring 2016 if the employment has continued until the delivery date of the shares and no notice of termination has been given prior to the delivery date.

The share grants allocated from the plans which started in 2013 have been technically adjusted in April 2014 due to the rights offering announced on February 28, 2014. The share grants allocated from plans which started in 2013 and 2014 have been further adjusted in June 2014 due to reverse split of shares. The reason for the adjustments was to maintain the proportional position of the allocated shares in relation to the Company's outstanding shares since there was a change in the number of the outstanding shares of the Company as a result of the rights offering and the reverse share split.

Chief Executive Officer

Base salary and fringe benefits

The current monthly base salary of the CEO is EUR 60.000 (756.000 EUR annually including vacation money). The CEO is entitled to a mobile phone benefit and private pension scheme which is described in more detail in section Pension arrangements.

Shares received from incentive programs

No reward was paid to the CEO in 2014 from share-based incentive programs. In spring 2015, the CEO received a gross award of 15.232 shares before deduction of applicable taxes, based on the results of earnings period 2012-2014 of the Performance Share Plan 2012. The net number of shares delivered to the CEO was 8.021. In addition, the CEO has possibility to receive share rewards from the earnings periods 2013-2015, 2014-2016 and 2015-2017 of the Performance Share Plan 2012. The share rewards will be delivered in spring 2016, 2017 and 2018 respectively, if the performance targets set for the earnings periods are met.

Pension arrangements

The CEO is included in a defined contribution pension plan and has the right to retire at the age of 63. The targeted pension is 60 % of the salary at the age of 63. The annual insurance payment is 25 % of CEO's annual income, including fringe benefits and performance related short-term incentive payments.

Terms of notice

The period of notice for the CEO is six months on CEO's side, and 12 months on the Company's side. If Outokumpu terminates the CEO's employment for a reason other than neglect caused by him, the Company will make a compensation payment. The amount of this payment will equal to the CEO's base salary in the preceding 12 months plus the monetary value of his employee benefits at the moment of termination.

Salaries and Rewards paid to the Leadership Team In 2014

2014	Salaries and fees with employee benefits, EUR	Performance/ project-related bonuses, EUR 2)	Share rewards, EUR	Total, EUR
CEO Seitovirta	749.040	123.039	-	872.079
Deputy to the CEO	511.864	112.500	-	624.364
Other Leadership Team members 1)	2.546.667	202.458	-	2.749.125

1) Including Tonteri 1.1.-31.8.2014, Saksi 1.7.-31.12.2014, Wallis 1.9.-31.12.2014, Tahvanainen 1.9.-31.12.2014

2) Short-term incentive payment made in March 2014 based on achievement of 2013 operational objectives.