

## **The Remuneration Committee's evaluation of variable remunerations for 2015**

We have, during 2015, performed a review of how we reward our executives at Intrum Justitia. We conclude that our overall remuneration is competitive in the markets where we operate relative to companies in similar industries and of similar size. Our incentive plans are in line with external best practice relative to other companies in the financial industry when it comes to supporting our business goals, in terms of their structure, the metrics used and of the amounts which can be earned. Starting 2015 we have also implemented shareholding guidelines, which promote long-term engagement and ownership behavior among senior executives.

The committee has monitored the application of the guidelines for salary and other remuneration to the CEO and other members of the management, as approved by the annual general meeting.

### **Short term incentive program (STIP)**

The short term incentive program is closely linked to the fulfilment of our short term business goals, and helps us drive business performance as well as to focus on key areas of our operations. Performance criteria are generally based on;

- EBIT after Cost of Capital
- Service Line earnings after Cost of Capital
- Credit Management Services external revenue growth

Individual goals may vary depending on the business area of the individual employee. The maximum payment under this program is 50 percent of the annual base salary.

In the committee's opinion, the outcome of STIP 2015 reflects the development of the company's financial result and we believe that the program has had the intended effect. The board has established a STIP for 2016 that substantially corresponds with last year's program.

### **Long term incentive program (LTIP) - from 2013 to 2015**

The purpose of the long term incentive program is to reward long term value creation, and to align the interests and perspectives of senior managers with those of shareholders and investors. It allows for around 40 managers including the current Group Management Team to share in the company's success, and creates an ownership behavior that in turn promotes the creation of sustainable and long term value in the business. The performance period is three years and comprises the period from 1 January 2013 to 31 December 2015.

The program is based on compounded annual growth rate (CAGR) of earnings per share (EPS) during the performance period and the maximum award is an amount corresponding to 10 to 50 percent of annual base salary.

The performance criterion has been met during the performance period and the program has produced an outcome of 100 percent.

A corresponding long term incentive program has been established also for 2016.

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### **Shareholding guidelines**

To further promote ownership behavior and the commitment among our group management team, we have put in place shareholding guidelines that directly link the individual salaries of such executives to the success of our business. The guideline means that each senior executive is asked to hold a percentage of their annual gross base salary in Intrum Justitia shares: 100% for the CEO and 50% for other senior executives. The shares are to be held for as long as the senior executives are employed in the Company and members of the Group Management Team.

2015 is the first year that the shareholding guidelines have been in effect, and each member of the Group Management Team has been given an amount of time (to be individually agreed) to establish their shareholdings.

### **Guidelines for salary and other remuneration to the management**

The Remuneration Committee has evaluated the application of the guidelines for salary and other remuneration to the Chief Executive Officer and other members of the management that were adopted by the annual general meeting 2015 and has come to the conclusion that no deviations have occurred.

The committee considers the 2015 guidelines to be well adapted to serve their purpose and that they contributed to a well-balanced combination of fixed cash salary, variable salary based on one year performance criteria, variable salary based on three year performance criteria, pension terms and other remunerations and benefits.

The board has proposed guidelines which are consistent with last year's.

### **General remuneration structures and levels in the group**

Our general remuneration philosophy is that compensation should reflect individual competence, responsibility and performance, and it should be competitive in comparison to that of similar companies within similar industries in the relevant geography. This will help ensure that we employ and retain key talent, and that our remuneration supports the accomplishment of our overall business strategy, while allowing fixed cost levels to vary based on business and aggregate individual performance.

The remuneration philosophy and levels in Intrum Justitia are, in the Remuneration Committee's opinion, well-structured in order to achieve these objectives.

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Stockholm in March 2016

*The Remuneration Committee of Intrum Justitia AB (publ)*