

## **Guidelines on compensation for senior executives**

The Board of Directors proposes that the Annual General Meeting 2020 adopt the following guidelines for the remuneration of senior executives to apply until the 2024 Annual General Meeting at the latest.

### ***Applicable regulations***

Remunerations to senior executives are to be determined in accordance with these guidelines and Collector's remuneration policy, which is based on Swedish and European legislation and other regulations on remuneration systems for the banking sector, the Swedish Code of Corporate Governance, as well as generally accepted practices for a sound remuneration structure.

### ***Scope of application***

These guidelines include Company Management and Board members insofar as remunerations other than those approved by the Annual General Meeting are to be paid to Board members. "Company Management" refers to the CEO, the Deputy CEO and other members of the Company Management team. "Other members of the Company Management team" refers to those persons who are members of the management team and managers directly subordinate to the CEO. "Managers directly subordinate to the CEO" are in the Company's case, the Head of Compliance, the Chief Risk Officer and the Chief Legal Officer.

The guidelines shall apply to agreed remunerations and changes made to already agreed remunerations, following the adoption of the guidelines by the 2020 Annual General Meeting. The guidelines do not include remunerations approved by the Annual General Meeting.

Regarding terms of employment governed by regulations other than Swedish regulations, appropriate adjustments may be made to comply with any such regulations or established local practices that are mandatory, in connection with which the general purposes of these guidelines should be met to the greatest possible extent.

### ***How these guidelines promote the Company's business strategy, long-term interests and sustainability***

The operations of the Collector Group are conducted predominantly through Collector Bank, a bank that challenges established players, offering financing solutions for retail and corporate customers. Focusing on efficient decision-making processes and flexibility, Collector develops solutions based on customers' needs. The operations include personal loans, credit cards, savings accounts, payment solutions for e-commerce and shops, factoring, company credits, property credits and management of portfolios of overdue receivables. The strong corporate culture, characterized by entrepreneurship, commitment and ethics, contributes strongly to Collector's development journey.

The successful implementation of the Company's business strategy and the fostering of the Company's long-term interests, including its sustainability, requires the Company to be able to recruit and retain qualified employees. This requires the Company to be able to offer competitive remunerations. These guidelines make it possible for Company Management to be offered competitive total remuneration.

### ***Forms of remuneration, etc.***

Remunerations shall be on market terms and consist of the following components: fixed cash salary, pension provisions and other non-monetary benefits.

To avoid Company Management being encouraged to take unsound risks, no variable remuneration is to be paid, with the exception of what is stated below. Consequently, fixed remuneration, combined with pension provisions and non-monetary benefits, constitute the employee's total remuneration.

Furthermore, the Annual General Meeting may resolve to offer long-term incentive programmes, such share- or share price-related remunerations or incentive programmes. Such long-term incentive programmes are to be approved by the Annual General Meeting and are therefore not covered by these guidelines.

Variable cash remuneration may be paid in exceptional circumstances, provided that such extraordinary arrangements are limited in terms of time and applied only at the individual level, either for the purpose of recruiting or retaining executives, or as compensation for extraordinary efforts beyond the ordinary duties of the individual. Such variable remuneration may not, however, be linked to the Company's financial targets or similar, which could lead to the employees concerned being enticed to take unsound risks. Such remunerations may not exceed an amount corresponding to 20 percent of the fixed annual cash salary and shall not be paid more than once per year and per individual. Decisions regarding such remuneration shall be made by the Board of Directors, based on a proposal from the Remuneration Committee.

#### ***Fixed salary***

Each member of Company Management shall be offered a fixed salary on market terms and based on the complexity of the job and the executive's experience, responsibility, competence and performance. The fixed salary is revised annually.

#### ***Pensions***

Each member of the Company Management team shall be offered a pension on market terms in the country where the executive has his or her permanent residence.

For the CEO and other senior executives, pension benefits, including health insurance, must be defined-contribution benefits. Pension premiums for defined-contribution pensions shall amount to a maximum of 30 percent of the fixed annual cash salary.

#### ***Non-monetary benefits***

Non-monetary benefits shall facilitate the executives' work performance and correspond to what can be considered reasonable considering market practices.

Non-monetary benefits may include, for example, life insurance, health insurance and a car benefit. Premiums and other costs arising from such benefits may amount to a maximum of 15 percent of the fixed annual cash salary.

Regarding terms of employment governed by regulations other than Swedish regulations, where these concern pension and other benefits, appropriate adjustments may be made to comply with any regulations or established local practices that are mandatory, in connection with which the general purposes of these guidelines should be met to the greatest possible extent.

#### ***Cessation of employment***

On cessation of employment, the period of notice may not exceed 12 months. Fixed cash salary during the notice period and severance pay may not, in total, exceed an amount corresponding to

the fixed cash salary for two years for the CEO and 18 months for other senior executives. On termination by the executive, the period of notice may not exceed six months, without entitlement to severance pay.

In addition, for the CEO and Deputy CEO, compensation for undertakings limiting competition may be payable on termination of employment to compensate for possible loss of income. For the CEO, such compensation for undertakings limiting competition shall only be payable to the extent that the former executive is not entitled to severance pay. For the CEO, this remuneration shall correspond to the discrepancy between the fixed cash salary at the time of termination less any lower income earned by the CEO in new employment, while for the Deputy CEO, this remuneration shall correspond to the discrepancy between the fixed cash salary at the time of termination less any lower income earned by the Deputy CEO in new employment, although not more than 60 percent of the fixed cash salary at the time of termination. This remuneration shall be payable during the period during which undertakings limiting competition apply, which shall not exceed 12 months following the termination of employment.

### ***Salary and terms of employment for employees***

In preparing the Board's proposal for these remuneration guidelines, the salaries and terms of employment for the Company's employees have been taken into account in that information regarding employees' total remuneration, the components of the remuneration and the rate of increase and the increase over time has been included in the data on which the Remuneration Committee and the Board of Directors have based their decisions and assessed the reasonableness of the guidelines and the limitations they entail.

### ***The decision-making process to establish, review and implement the guidelines***

The Board of Directors has established a Remuneration Committee. The committee's tasks include preparing the Board of Directors' decision on proposals for guidelines for remunerations to senior executives. The Board of Directors shall draw up proposals for new guidelines at least every four years and submit the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting. The Remuneration Committee shall also, where applicable, monitor and assess programmes of variable remuneration for Company Management, the application of guidelines for remuneration to senior executives as well as current remuneration structures and remuneration levels within the Company. The Chairman of the Board is the chairman of the Remuneration Committee. The other members of the Remuneration Committee are independent in relation to the Company and Company Management. When the Board of Directors addresses and makes decisions on remuneration-related matters, the CEO and other members of the Company Management shall not be in attendance, insofar as they are affected by the matters addressed.

### ***Remuneration to Board Members***

In exceptional cases, Board members elected by the Annual General Meeting may be engaged to perform work that goes beyond the work of the Board and it shall be possible for them to receive remuneration for such work. Such efforts may include instances where the Company lacks the internal expertise or resources necessary. Furthermore, only operational efforts may be called upon, not strategic efforts, and these may not interfere with the actions of the Company Management or otherwise contravene the Companies Act or the Swedish Code of Corporate Governance. The remuneration shall be market-based and shall be approved by the Board of Directors without the Board member concerned participating in the preparation of the appurtenant proposals or decisions.

### ***Departure from the guidelines***

The Board of Directors may decide to temporarily deviate from the guidelines in whole or in part, if there are specific reasons for this in an individual case and a departure is necessary to meet

the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the tasks of the Remuneration Committee include preparing the Board's decision on remuneration issues, which includes decisions on deviations from the guidelines.

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Collector AB (publ)  
Board of Directors