

The complete proposed guidelines for senior executive remuneration of the Board of Directors of Hoist Finance AB (publ), reg. no. 556012-8489

The term “senior executives” refers to the CEO and other senior executives of Hoist Finance AB (publ) and its subsidiaries, and Board Members, to the extent they receive remuneration for services performed outside of their Board duties.

Remuneration for senior executives is comprised of fixed base salary, variable salary, pension and other benefits. Remuneration is designed to encourage employees to deliver results in line with the Company’s targets, strategy and vision and to act in accordance with the Company’s ethical code of conduct and basic principles. It is also designed to enable Hoist Finance to attract, retain and motivate employees who have the requisite skills. Remuneration is structured to encourage good performance, prudent behaviour and risk-taking aligned with customer and shareholder expectations. Salaries are age- and gender-neutral and anti-discriminatory. Hoist Finance views remuneration from a comprehensive perspective and, accordingly, takes all remuneration components into account. Remuneration is weighted in favour of fixed salary, which is based on the position’s complexity and level of responsibility, prevailing market conditions and individual performance.

Variable remuneration for senior executives shall not exceed 50 per cent of the fixed salary. Variable remuneration is based on various financial and non-financial criteria determined by the Board of Directors, and is linked to the performance of the Group respectively the relevant business unit and to individual targets. No variable remuneration is paid to control function managers (Risk, Compliance and Internal Audit) on Group level.

Variable salary takes into account the risks involved in the Company’s operations and is proportional to the Group’s earning capacity, capital requirements, profit/loss and financial position. The payment of variable remuneration must not undermine the Group’s long-term interests and is contingent upon the recipient’s compliance with internal rules and procedures, including the policy regulating conduct with respect to customers and investors. Variable remuneration is not paid to an employee who has participated in or been responsible for any action resulting in significant financial loss for Hoist Finance or the relevant business unit.

For members of the Executive Management Team, payment of 60 per cent of the variable remuneration is deferred for a period of at least three years. The corresponding figure is 40 per cent for other senior executives classified as risk takers under applicable regulations. Variable remuneration, including deferred remuneration, is only paid to the extent warranted by the Group’s financial situation and the performance and conduct of the Group, the relevant business unit and the employee.

Pension and insurance are offered pursuant to national laws, regulations and market practices and are structured as collective agreements, company-specific plans or a combination of the two. Hoist Finance has defined-contribution pension plans and does not apply discretionary pension benefits. There are defined-benefit pension plans in Germany, but no provisions are made for pension contributions. A few senior executives receive gross salary; in these instances, the Company does not make pension contributions. Other benefits are designed to be competitive in relation to similar operations in the respective country.

Remuneration for new hires (“sign-on bonuses”) are only offered in exceptional cases and then only to compensate for the lack of variable remuneration in the employee’s previous employment contract. Sign-on bonuses are paid during the year in which the employee begins to work. Decisions on exceptional cases are made in accordance with the decision-making process for variable remuneration.

Issuing loans to employees is not permitted



Upon the Group's termination of an employment contract, the maximum notice period is twelve months and no redundancy payment is made.

Board Members, elected at General Meetings, in certain cases may receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board. Remuneration may be payable up to 50 000 SEK for a Board Member's work in the board of a subsidiary.

The Board of Directors shall have the right to deviate from the principles decided at the Annual General Meeting if there are specific reasons in a particular case.

March 2016
Hoist Finance AB (publ)
The Board of Directors