



2015 Remuneration Report

Atradius Group

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1 Remuneration report 2015

This remuneration report provides general background on the existing remuneration principles applicable to Atradius staff and reports on Atradius' remuneration policy for staff that can exert material influence on Atradius' risk profile (hereinafter referred to as Identified Staff).

This report is published annually and reflects the remuneration principles and remuneration practice in the previous calendar year.

Atradius has aligned its remuneration policy with the principles contained in the Dutch Insurer's Code, the Regulation on Controlled Remuneration issued by DNB (Regeling Beheerst Beloningsbeleid 2014 – RBB) and, to the extent applicable, the Dutch Financial Sector Remuneration Policy Act (Wet Beloningsbeleid Financiële Ondernemingen – WBFO)¹⁾. The remuneration policy for the Atradius Group is being reviewed annually. The remuneration policy was reviewed and approved by the Supervisory Board of Atradius N.V. on 3 December 2015.

1) See for Dutch Financial Sector Remuneration Policy Act (WBFO) text included in the annual report 2015 of Atradius Credit Insurance N.V.

2 Remuneration policy

The Atradius remuneration policy lays down the principles and key elements of sound and controlled remuneration of all Atradius' employees.

The remuneration policy supports the Atradius Group's business strategy, objectives, values and long-term interest and is aligned with the size, organisational set-up, nature and complexity of the business activities of the Atradius Group.

The remuneration policy is designed to improve the performance and the value of the Atradius Group, to motivate, retain and attract qualified employees and to contribute to sound and efficient risk management within the Atradius Group and not to encourage the taking of more risk than is acceptable to Atradius.

3 Design principles and features of the remuneration policy

The design principles underlying the remuneration policy of the Atradius Group are:

- Remuneration shall contribute to sound and efficient risk management and shall not encourage the taking of more risk than is acceptable to Atradius;
- The remuneration shall comprise measures that should avoid conflicts of interest;
- Fixed and variable remuneration shall be used to align individual performance with both short and long-term corporate strategy and objectives. Remuneration shall reward according to performance at the Atradius Group, company/entity and individual level as appropriate. Individual objectives shall include a combination of financial and non-financial targets as appropriate to the role, taking into account ethical behaviour and corporate responsibility;
- Remuneration shall be set at levels appropriate to local employment market conditions to attract and retain talented employees within the Atradius Group, while observing these design principles and applicable laws, rules and regulations;
- Remuneration shall be underpinned by performance management systems in order to differentiate between different levels of performance and thus reinforce a performance culture;
- Performance criteria for employees will be objective, measurable and linked to individual, company/entity and Group performance as appropriate;

- Non-financial rewards (other benefits) may also be used to further improve motivation and nurture employee commitment;
- Remuneration shall be practical and simple to understand, and supported by clear and timely communication;
- Atradius recognises that the way in which performance is achieved is as important as the performance result. Therefore remuneration shall be designed to encourage behaviour that promotes Atradius' values;
- Not all employees are entitled to variable remuneration; this also depends on the local market conditions.

Total compensation typical elements are 1) base salary, 2) annual (deferred and non-deferred) variable remuneration and 3) other benefits. Stock options or share purchasing programmes are not applicable at Atradius.

4 Governance

A governance framework has been established at Atradius Group level. The following company bodies and parties play a role in determining Atradius Group's remuneration policy.

Management Board and Supervisory Board

The Management Board is responsible for determining the group-wide remuneration policy for the staff.

The Supervisory Board determines the remuneration and further employment conditions of each member of the Management Board (based on the recommendation of the RSAC, see below) in accordance with the remuneration policy as adopted by the General Meeting. In addition, the Supervisory Board is involved in approving and reviewing the Remuneration Policy. In June 2015, the revised Remuneration Policy was established, after the Supervisory Board was updated in March 2015, by Group Human Resources and Legal and Compliance on the developments with regard to the (amended) Dutch Remuneration Legislation.

General Meeting

The General Meeting determines the remuneration of the members of the Supervisory Board based on the recommendation of the RSAC and in accordance with the remuneration policy adopted by the General Meeting.

Remuneration Selection and Appointment Committee

The Supervisory Board has appointed a Remuneration, Selection and Appointment Committee (RSAC). As per 31 December 2015, The RSAC consists of Francisco Arregui (Chairman) and Ignacio Álvarez. In 2015, the Remuneration, Selection and Appointment Committee convened two times.

The RSAC supports the Supervisory Board in fulfilling its supervisory and monitoring duties with respect to proposals for the appointment of members of the Management Board and the Supervisory Board, the remuneration policy, the remuneration of senior management and other corporate governance matters. Furthermore, the RSAC is responsible for:

- Preparing the decision-making and advising the Supervisory Board on remuneration and its related responsibilities, including advising on decisions pertaining to remuneration that effect the risks and risk control of the financial institutions belonging to the Atradius Group.
- Supervising the remuneration of higher senior managerial employees who hold so called Control Positions. The term Control Positions refers to “control positions” as meant in the Dutch Regulation on Sound Remuneration.

At present, the following Management Board (MB) and Atradius Leadership Team (ALT) members are considered to hold a Control Position: the Chief Financial Officer (CFO), the Chief Risk Officer (CRO), the Director Internal Audit, the Director Group Risk Management, the Director Legal and Compliance and the Director Group Human Resources.

In February 2015 the target achievement over 2014 and the target setting 2015 for the Identified Staff and Control Positions was set. In December 2015 the RSAC performed the annual review of the remuneration policy.

The RSAC is assisted by the departments Group Human Resources, Group Risk Management, Legal and Compliance, Internal Audit and independent experts if desired. In 2015, the RSAC did not make use of the services of an external consultant.

5 Performance criteria & variable remuneration components

Some specific variable remuneration components apply to the “Identified Staff”, which for the purpose of the Remuneration Policy are defined as the categories of employees that perform a higher managerial, risk-taking or control position, whose activities may materially affect the risk profile of Atradius.

In determining this category of employees, Atradius has taken into account the size, internal organisation, nature, scope and complexity of its activities.

Identified Staff at Atradius are selected on the basis of an internal analysis taking into account the RBB. This analysis includes reviewing the company risk profile by Group Risk Management. Following this analysis and review which was performed in 2015, the group of staff members considered Identified Staff continued to be the full Atradius Leadership Team (ALT). This includes the following functions:

- Members of the Management Board (including the (voting) members of Risk Strategy Management Board and including Management Board members that hold Control Positions);
- Members of the ALT (including the (voting) members of Risk Strategy Management Board and including ALT-members that hold Control Positions).

Other than the Management Board and ALT there are no other members of staff whose activities may materially affect the risk profile of the company.

Management Board and ALT members are entitled to variable remuneration components as a percentage of their fixed salary. In line with the applicable legislation, the relationship between fixed and variable remuneration has been carefully considered, with a sufficiently high fixed component to allow for the non-payment of the variable component if performance criteria are not met.

The role of the Chief Financial Officer and the role of the Chief Risk Officer are recognised as a Control Position and will therefore not be linked to the results of the business activities under their supervision - with the exception to the Group target (three year average Group return on equity - ROE) - to secure their role as controller. This also applies to ALT members who hold Control Positions, whose variable remuneration components will be set, on the basis of the achievement of non-commercial objectives relevant to their position, and - with the exception to the Group target (three-year average Group ROE) - are independent of the results of the business activities they supervise.

The variable remuneration components are further based on the following design principles:

- Senior management employees in Control Positions are independent of the business units that they supervise, have sufficient authority and are remunerated on the basis of the realisation of the specific objectives of their position, and not related to the short-term results of the business activities that they supervise;
- Atradius ensures that the total variable remuneration does not limit its ability to strengthen the regulatory capital, solvability margin or equity capital of the Atradius entities that are considered to be financial institutions;
- An employee may not make use of personal hedging or any insurance linked to remuneration and liability in order to undermine the risk control effects that have been embedded in his or her variable remuneration plan;
- Atradius does not award guaranteed variable remuneration other than upon the entry into employment of new employees for at most the first year. When granting such guaranteed variable remuneration this is in line with the long-term objectives of Atradius. Approval for granting a guaranteed variable remuneration must be obtained from the Supervisory Board (for Management Board members), or Management Board (for “ALT members”) or the human resource function together with the relevant Management Board member (for other staff).
- The variable remuneration, including the conditionally awarded part, is paid or acquired only when this is consistent with the financial condition of the Atradius Group as a whole and is justified by the performance of the Atradius Group, the individual Atradius company, the business unit and the relevant employee;
- Atradius shall only award a severance payment if it is related to performance realised over the course of time and is shaped such that failure is not rewarded. Approval for granting a severance pay must be obtained from the Supervisory Board (for Management Board members), or Management Board (for “ALT members”) or the human resource function together with the relevant Management Board member (for all other staff).
- Remuneration plans will include adjustments and claw-back provisions in line with prevailing legislation.

Target	Relative weight MB member	Relative weight ALT member
Individual Targets (max 100%)	25%	33.33%
Unit Targets (max 100% for MB member, max 125% for ALT members)	25%	33.33%
Group Target (max 100% for MB member, max 125% for ALT members)	50%	33.33%
Total	100%	100%

6 Pay-out and deferral of variable remuneration

The pay-out of variable remuneration for Identified Staff is subject to additional conditions in accordance with the remuneration policy.

50% of the pay-out of variable remuneration related to the Group Target component is deferred in the form of a non-cash instrument and is awarded conditionally over a period of three years after the relevant performance year, whereby such pay-out is dependent on the development of the ROE of Atradius N.V. over the previous three years. 50% of the variable remuneration pay-out related to the Individual and Unit Target components are deferred as a scoring percentage of the relevant component.

When considering the nature of the credit insurance business, which is Atradius' core business, major risks will normally materialise within two years of Atradius entering into a credit insurance contract. Hence, the applicable deferral period is considered a prudent time-horizon which should avoid excessive risk-taking. Pay-out of the deferred variable pay components is subject to review and dependent on achievement of the pre-defined performance criteria. Following this review, pay-out may be revised downwards or cancelled. Revision upwards is not possible.

The table below depicts the pay-out and proportionate deferral of variable remuneration over time.

Deferred bonus Schedule

N	n+1	n+2	n+3	n+4	n+5	n+6
50%	16.67%	16.67%	16.67%			
	50%	16.67%	16.67%	16.67%		
		50%	16.67%	16.67%	16.67%	
			50%	16.67%	16.67%	16.67%
				50%	Etc.	Etc.

50% = Individual, Unit and Group Target score linked to the performance of the underlying year (n, n+1, ...)

16.67% 16.67% 16.67% = Individual, Unit and Group Target score linked to the performance of the underlying year (n, n+1, ...)

- The target bonus payout is 50% of the performance score in the relevant performance year (e.g year n).
- At the same time that the performance score for a year is calculated and made payable, a deferment, equal to the payout performance score will take place in three equal instalments over the three years to come (n+1, n+2, n+3). This implies that when the model has three deferment payments in one payout year (n+4), the payout covers a period of four years (the current year plus 3 deferments).
- The calculation of the deferred payouts is a function of the average performance score. For the Group Target component this is expressed as a ROE score percentage. For the Individual and Unit Target components this is a percentage of the relevant target score.

Each year the performance achievement is calculated as a performance score percentage based on target realisation and the relevant performance criteria. This percentage score is linked to the equal deferred components. When a deferred component becomes payable, it is paid as a percentage of the then applicable base pay, under the conditions that the employment is continued, the performance criteria have been met and that the financial performance of the company warrants this payment.

Exceptional circumstances and claw back

The Remuneration Policy contains clauses stating that Atradius can considerably reduce the variable remuneration in general if it realises materially less positive or negative financial performances. Also, up to 100% of the total variable remuneration may be subject to malus or claw-back, where the member of staff has behaved (or was responsible for behaviour) that has resulted in substantial losses for the company or in the event of individual gross misconduct. The decision to apply malus or claw back of variable remuneration is taken by Supervisory Board (for Management Board), or Management Board (for "ALT members") or the Human Resource function (for other staff).

7 Remuneration of Identified Staff

The following tables provide details on the remuneration for members of the Management Board, and other Identified Staff.

The consolidated remuneration numbers are presented in thousands of Euro (EUR). To calculate remuneration pay from foreign currencies to EUR the average exchange rates during the year have been applied.

7.1. Remuneration per activity

On 31 December 2015, the Management Board consisted of five members (2014: five members) and other identified staff (ALT) of 34 members (31 December 2014: 34 members). In 2015 there were 39 beneficiaries, one person left the group of Identified Staff and year end and was replaced at the beginning of the year 2016 (2014: 42 beneficiaries, three left, two replaced during the year).

Other than the Management Board and ALT there are no other members of staff whose activities may materially affect the risk profile of the company. Total remuneration consists of fixed base salary and allowances, variable remuneration and post-employment benefits.

Further to Article 25 sub f of the RBB, we have made a division of business activities:

Remuneration per activity	2015	2014
Insurance activities	6.575	6.821
Services	676	748
Group staff	7.071	7.313
Total remuneration Identified Staff	14.322	14.882

7.2. Remuneration fixed and variable

Remuneration fixed and variable	2015	2014
Fixed remuneration	10.773	9.821
Variable remuneration granted	2.362	3.802
Post-employment benefits	1.187	1.259
Total remuneration Identified Staff	14.322	14.882
Number of beneficiaries	39	42

Fixed remuneration consists of base salary and allowances. Variable remuneration granted is based on the scoring percentage for that year of which 50% is paid out and 50% is conditionally granted and deferred as per the applicable policy.

7.3. Variable remuneration paid and deferred

Each year the performance achievement is calculated as a performance score percentage based on target realisation and the relevant performance criteria. Subsequently, 50% is paid out and 50% is conditionally granted and deferred as per the applicable policy. The 50% performance score percentage that is deferred is linked to the target components as follows: 50% pay-out related to the Group Target component is deferred in the form of a non-cash instrument and is awarded conditionally over a period of three years after the relevant performance year, whereby the pay-out has been established based on the development of the ROE of Atradius N.V. over the previous three years. 50% pay-out related to the Individual Target and Unit Target components will be deferred in the form of non-cash instrument as well: as a scoring percentage of the relevant component. When a deferred non-cash component vests in the three following years, (each year 1/3th of the deferred variable remuneration), it is paid as a percentage of the then applicable base pay, under the conditions that the employment is continued, the performance criteria are met and that the financial performance of the company warrants this payment.

Variable remuneration paid and deferred	2015	2014
Variable remuneration paid (cash)	1.181	1.901
Variable remuneration deferred (as non-cash)	1.181	1.901
Total variable remuneration granted to Identified Staff	2.362	3.802
Variable remuneration vested and paid from deferral over previous three years	1.217	1.716
Total variable remuneration paid	2.337	3.617

The variable remuneration paid including deferral from previous years would add up to EUR 2,398k (EUR 1,181 + EUR 1,217) but pay-out has been restricted in line with bonus caps that are introduced in the Financial Sector Remuneration Policy Act (WBFO). 2015 variable remuneration figures in the table are based on 31 December 2015 salary. 2014 variable remuneration figures in the table are based on 31 December 2014 salary.

7.4. Variable remuneration vested and non-vested

	Vested	Non-vested deferral		
		To be paid in 2016	To be paid in 2017	To be paid in 2018
Outstanding deferral	0	1,136	810	414

Non-vested remuneration figures in the table are based on 31 December 2015 salary.

7.5. Sign on payments, severance payments, malus and claw back

To the extent that exemptions may be applied and according to legislation and governance, sign-on payments may be made to members of identified staff upon entry of employment with Atradius. In 2015 no sign on payment has been made (2014: one sign-on payment of EUR 26,500). There was no severance payment made to members of Identified Staff in 2015 (2014: EUR 93,439.40 to one member of Identified Staff). There were no exceptional circumstances identified and subsequently no adjustments of variable remuneration were made by means of malus or claw back.