

ENCORE CAPITAL GROUP INC  
Form DEF 14A  
April 21, 2016  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- |                                     |   |                          |   |
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| <input checked="" type="checkbox"/> | Definitive proxy statement                  | <input type="checkbox"/> | <b>(as permitted by Rule 14a-6(e)(2))</b>           |
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**ENCORE CAPITAL GROUP, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

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Table of Contents

**ENCORE CAPITAL GROUP, INC.**  
**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON JUNE 1, 2016**

To Our Stockholders:

We cordially invite you to attend the 2016 annual meeting of stockholders of Encore Capital Group, Inc. Our annual meeting will be held at the Park Hyatt Hotel, 153 West 57<sup>th</sup> Street, New York, NY 10019, on June 1, 2016, at 8:00 a.m. Eastern time. The annual meeting is being held for the following purposes:

1. To elect nine directors, each for a term of one year;
2. To approve, in a non-binding vote, the compensation of our named executive officers;
3. To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and
4. To transact such other business that may properly come before the meeting.

As resolved by our Board of Directors, stockholders of record at the close of business on April 6, 2016 are entitled to notice of and to vote at the annual meeting or any postponement or adjournment thereof.

We have enclosed a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which includes our audited consolidated financial statements.

This proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, are available at [www.proxyvote.com](http://www.proxyvote.com).

**Your vote is important. Whether or not you plan to attend the meeting in person, please submit your vote as soon as possible using one of the voting methods described in the attached materials. Submitting your voting instructions by any of these methods will not affect your right to attend the meeting and vote in person should you so choose.**

By Order of the Board of Directors,

Kenneth A. Vecchione

Chief Executive Officer

April 21, 2016

San Diego, California

**Table of Contents**

**TABLE OF CONTENTS**

<u>Questions about the Meeting</u>	1
<u>What is the purpose of the annual meeting?</u>	1
<u>Who is entitled to vote?</u>	1
<u>Who can attend the meeting?</u>	1
<u>What constitutes a quorum?</u>	1
<u>How do I vote by proxy before the meeting?</u>	2
<u>May I vote my shares in person at the meeting?</u>	2
<u>What if I submit a proxy and then change my mind?</u>	2
<u>What are the Board's recommendations for how I should vote my shares?</u>	2
<u>What vote is required to approve each item?</u>	3
<u>Who pays for the cost of this proxy solicitation?</u>	3
<u>How many annual reports and proxy statements are delivered to the same address?</u>	3
<u>Corporate Governance</u>	4
<u>Board Meetings and Committees</u>	4
<u>Other Corporate Governance Matters</u>	9
<u>Election of Directors (Proposal No. 1)</u>	12
<u>General</u>	12
<u>Required Vote</u>	12
<u>Director Nominees</u>	12
<u>Executive Officers</u>	15
<u>Compensation Discussion and Analysis – Executive Summary</u>	17
<u>Compensation Philosophy and Purpose</u>	17
<u>Elements of Compensation</u>	17
<u>Pay for Performance</u>	18
<u>Key Governance and Pay Practices</u>	21
<u>Stockholder Support</u>	21
<u>Key Changes for 2016 Compensation</u>	21
<u>Compensation Discussion and Analysis</u>	22
<u>The Company's Compensation Philosophy and Purpose</u>	22
<u>How We Make Compensation Decisions</u>	24
<u>Overview of 2015 Compensation</u>	26
<u>Tax Considerations</u>	31
<u>Other Matters Relating to Executive Compensation</u>	32
<u>Compensation Committee Interlocks And Insider Participation</u>	33
<u>Compensation Committee Report</u>	34
<u>Risks Related To Compensation Policies And Practices</u>	35
<u>2015 Summary Compensation Table</u>	36
<u>2015 Grants Of Plan-Based Awards</u>	37
<u>2015 Outstanding Equity Awards At Fiscal Year-End</u>	38
<u>2015 Option Exercises and Stock Vested</u>	40
<u>Potential Payments Upon A Termination Or Change In Control</u>	41
<u>Basic Assumptions</u>	41
<u>Payments upon a Termination – Without Cause, Resignation for Good Reason or a Termination in Connection with a Change in Control</u>	41

<u>Compensation Of Directors</u>	46
<u>Changes in Compensation of Directors for 2016</u>	47
<u>Non-Binding Vote to Approve the Compensation of the Company's Named Executive Officers (Proposal No. 2)</u>	48
<u>Proposal</u>	48
<u>Required Vote</u>	48
<u>Certain Relationships and Related Transactions</u>	49
<u>Related Person Transaction Policy and Procedures</u>	49
<u>Related Person Transactions</u>	49

**Table of Contents**

<u>Security Ownership of Principal Stockholders and Management</u>	50
<u>Equity Compensation Plan Information</u>	53
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	54
<u>Ratification of Selection of Independent Registered Public Accounting Firm (Proposal No. 3)</u>	55
<u>Proposal</u>	55
<u>Required Vote</u>	55
<u>Independent Registered Public Accounting Firm</u>	56
<u>Audit and Non-Audit Fees</u>	56
<u>Approval of Independent Registered Public Accounting Firm Services and Fees</u>	56
<u>Report of the Audit Committee</u>	57
<u>Stockholder Proposals And Nominations</u>	58
<u>Additional Information</u>	58
<u>Annual Report on Form 10-K</u>	58
<u>Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on June 1, 2016</u>	58
<u>Other Matters</u>	59

**Table of Contents**

**ENCORE CAPITAL GROUP, INC.**  
**3111 CAMINO DEL RIO NORTH, SUITE 103**  
**SAN DIEGO, CALIFORNIA 92108**  
**858-309-6442**

**PROXY STATEMENT**

This proxy statement relates to the 2016 annual meeting of stockholders of Encore Capital Group, Inc. ( Encore or the Company ), to be held at the Park Hyatt Hotel, 153 West 57<sup>th</sup> Street, New York, NY 10019, on June 1, 2016 at 8:00 a.m. Eastern time, or at such other time and place to which the annual meeting may be adjourned or postponed. The enclosed proxy is solicited by our Board of Directors (our Board ), and is first being mailed on April 21, 2016 to stockholders entitled to vote at the meeting.

**QUESTIONS ABOUT THE MEETING**

**What is the purpose of the annual meeting?**

At our annual meeting, stockholders will act upon the matters outlined in the accompanying notice of meeting, including (1) the election of nine directors, (2) the approval, by non-binding vote, of the compensation of our named executive officers, and (3) the ratification of the selection of BDO USA, LLP as our independent registered public accounting firm. Our management will report on Encore's progress and respond to questions from stockholders. In addition, representatives of BDO USA, LLP will be given an opportunity to make a statement and to respond to questions regarding the audit of our consolidated financial statements.

**Who is entitled to vote?**

Only stockholders of record at the close of business on the record date, April 6, 2016, are entitled to receive notice of the annual meeting and to vote the shares that they held on that date at the meeting, or any postponement or adjournment of the meeting.

At the close of business on the record date, April 6, 2016, there were 25,501,001 outstanding shares of our common stock, each of which is entitled to cast one vote.

**Who can attend the meeting?**

All stockholders as of the record date, or their duly appointed proxies, may attend the meeting. Others may attend the meeting at our discretion. If you have any questions or wish to obtain directions to attend the annual meeting and to



vote in person, please call our Investor Relations representative, at 858-309-6442.

**What constitutes a quorum?**

The presence at the meeting, in person or represented by proxy, of a majority of the outstanding shares of common stock entitled to vote on the record date will constitute a quorum, which will permit us to hold the annual meeting and conduct business. Proxies received but marked as abstentions, withheld votes and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting. Abstentions include shares present in person but not voting and shares represented by proxy but with respect to which the holder has abstained from voting. Broker non-votes occur when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power on that item and has not received instructions from the beneficial owner.

## **Table of Contents**

### **How do I vote by proxy before the meeting?**

Before the meeting, you may vote your shares in one of the following three ways if your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company:

- By internet at *www.proxyvote.com*;
- By telephone at 1-800-690-6903; or
- By mail, if you received a printed copy of the proxy materials, by completing, signing, dating and returning the enclosed proxy card in the postage paid envelope provided.

Please refer to the proxy card for further instructions on voting via the internet and by telephone. Please follow the directions on your proxy card carefully. If your shares are held in a brokerage account in the name of a bank, broker or other nominee (this is called *street name* ), then you are the beneficial owner of the shares and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. You have the right to direct your bank or broker on how to vote the shares in your account, and your ability to vote by telephone or via the internet depends on the voting procedures used by your broker. You may receive a separate voting instruction form with this proxy statement, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the internet or telephone.

### **May I vote my shares in person at the meeting?**

Yes. You may vote your shares at the meeting if you attend in person, even if you previously submitted a proxy card or voted by internet or telephone. Whether or not you plan to attend the meeting, however, we encourage you to vote your shares by proxy before the meeting. Please note that if your shares are held in *street name* and you wish to vote at the meeting, you will not be permitted to do so unless you first obtain a legal proxy issued in your name from the broker, bank or nominee that holds your shares.

### **What if I submit a proxy and then change my mind?**

You may revoke your proxy at any time before it is exercised:

- By filing with the Corporate Secretary of Encore a notice of revocation at the address shown on the first page of this proxy statement;
- By sending in another duly executed proxy bearing a later date; or
- By attending the meeting and casting your vote in person.

### **What are the Board's recommendations for how I should vote my shares?**

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If you sign and return your proxy card with voting instructions, the persons named as proxies will vote the shares represented by your proxy in accordance with your instructions. If you sign and return a proxy card but do not fill out the voting instructions on the proxy, the persons named on the proxy card will vote in accordance with the recommendations of our Board. The Board recommends that you vote your shares as follows:

Proposal 1 **FOR** the election of the nominated slate of directors for a term of one year.

Proposal 2 **FOR**, in a non-binding vote, the compensation of our named executive officers (often called the Say-On-Pay Vote ).

Proposal 3 **FOR** the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

**Table of Contents**

**What vote is required to approve each item?**

***Election of Directors.*** Directors shall be elected by a plurality of the votes cast, meaning that the nine nominees who receive the most votes will be elected to our Board. With respect to the election of directors, you may vote For All, For All Except or Withhold All for the nominees for the Board. A properly executed proxy marked to withhold authority with respect to the election of one or more directors will have no effect on the proposal to elect the directors other than that it will be counted for purposes of determining whether there is a quorum present at the annual meeting. Notwithstanding the foregoing, we have adopted a Majority Voting Policy that is described on page 10 of this proxy statement.

***Other Items.*** For each other item, the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval, meaning that of the shares represented at the meeting and entitled to vote, a majority of them must be voted for the proposal for it to be approved. With respect to any proposal other than the election of directors, you may vote For, Against or Abstain. A properly executed proxy marked Abstain with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Because abstentions represent shares entitled to vote on any matter presented for stockholder approval, the effect of an abstention will be the same as a vote against a proposal.

***Effect of Broker Non-Votes.*** If you hold your shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum.

**Who pays for the cost of this proxy solicitation?**

We will bear the cost of solicitation of proxies, including the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of our outstanding common stock. In addition to the solicitation of proxies by mail, our officers, directors and employees may solicit proxies in person, by telephone or by facsimile, none of whom will receive additional compensation for those services.

**How many annual reports and proxy statements are delivered to the same address?**

If you and one or more of our other stockholders share the same address, it is possible that only one annual report and proxy statement was delivered to your address unless we have received contrary instructions from one or more of the stockholders. This is known as householding. Any registered stockholder who wishes to receive separate copies of an annual report or proxy statement at the same address now or in the future may: (1) call Encore at 858-309-6442 or toll free at 1-800-579-1639 or (2) mail a request to receive separate copies to: Encore Capital Group, Inc., 3111 Camino Del Rio North, Suite 103, San Diego, CA 92108, Attention: Corporate Secretary, and we will promptly deliver the annual report and/or proxy statement to you. Stockholders who own our common stock through a broker and who wish to receive separate copies of an annual report and proxy statement should contact their brokers directly. Stockholders currently receiving multiple copies of an annual report and proxy statement at a shared address and who wish to receive only a single copy in the future may direct their request to the same phone number or address listed above.

**Table of Contents****CORPORATE GOVERNANCE****Board Meetings and Committees**

The Board met seven times during 2015 and otherwise acted by unanimous written consent. In 2015, except for Mr. Ashwini Gupta, each incumbent director attended at least 75% of the aggregate number of meetings of the Board and meetings of committees of the Board on which he or she served, in each case held during such director's period of service. Mr. Gupta, who was appointed to the Board in September 2015, attended three out of the five, or 60%, of the aggregate number of meetings of the Board and meetings of committees of the Board on which he served that were held during his period of service. Mr. Gupta missed the two meetings as the result of commitments made prior to his appointment to the Board.

The Board has five standing committees: the Audit Committee; the Compensation Committee; the Consumer Experience and Compliance Committee; the Nominating and Corporate Governance Committee; and the Risk and Information Security Committee. The current members of our Board, the composition of the Board's standing committees and the number of meetings held in 2015 are reflected in the table below.

Name	Board	Audit	Compensation	Consumer Experience and Compliance	Nominating and Corporate Governance	Risk and Information Security
Ashwini Gupta <sup>(1)</sup>	X		X			X
Wendy Hannam <sup>(2)</sup>	X	X		X		
Willem Mesdag <sup>(3)</sup>	Chair	X				
Michael P. Monaco <sup>(4)</sup>	X	Chair			X	X
Laura Newman Olle	X	X		Chair	X	
Francis E. Quinlan	X		X		X	Chair
Norman R. Sorensen	X		X	X	Chair	
Richard J. Srednicki <sup>(4)</sup>	X		Chair	X	X	
Kenneth A. Vecchione	X			X ( <i>Ex-officio</i> )		
<i>Number of Meetings</i>	<i>7</i>	<i>10</i>	<i>6</i>	<i>15</i>	<i>5</i>	<i>4</i>

- (1) Mr. Gupta was appointed to the Board, Compensation Committee and Risk and Information Security Committee on September 28, 2015.
- (2) Ms. Hannam was appointed to the Board, Audit Committee and Consumer Experience and Compliance Committee on September 28, 2015.
- (3) Mr. Mesdag was appointed to the Audit Committee on June 4, 2015.
- (4) Messrs. Monaco and Srednicki were appointed to the Nominating and Corporate Governance Committee on September 28, 2015.

Our Board has adopted written charters for each of its standing committees and each of those written charters is available on our website at [www.encorecapital.com](http://www.encorecapital.com). Click on Investors, then Corporate Governance and then the respective committee charters. The Audit, Compensation and Consumer Experience and Compliance Committees assess the adequacy of their charters annually, and the Nominating and Corporate Governance and Risk and Information Security Committees assess the adequacy of their charters from time to time. Please note that the information contained on our website is not incorporated by reference in, or considered to be a part of, this proxy

statement.

***Audit Committee.*** We have a standing Audit Committee that is responsible for assisting the Board in oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Company. The Audit Committee met ten times during 2015 and otherwise acted by unanimous written consent.

**Table of Contents**

Among other things, the Audit Committee has the authority and responsibility under its charter to:

- appoint our independent auditors and regularly review their performance and internal control procedures and material issues raised by our independent auditors;
- approve audit and non-audit services and fees;
- review and approve the internal audit function, including the charter, the effectiveness of internal audit, the internal audit plan, and results of internal audits;
- review and evaluate our financial statements, accounting principles and system of internal controls regarding finance, accounting, legal compliance and ethical behavior;
- review and evaluate reports from the independent auditors concerning all critical accounting policies and practices used by the Company;
- establish procedures for receiving and responding to complaints or concerns regarding our internal controls or other auditing matters;
- support the Board by primarily overseeing those risks that may directly or indirectly affect the Company's financial statements, including the areas of financial reporting, internal controls and compliance with public reporting requirements;
- review and approve related person transactions; and
- consider other appropriate matters regarding our financial affairs.

***Compensation Committee.*** The Compensation Committee is responsible for discharging the responsibilities of the Board with respect to the compensation of our executive officers, administering all of our equity-based plans and periodically reviewing compensation and equity-based plans, with authority to adopt such plans. The Compensation Committee met six times during 2015 and otherwise acted by unanimous written consent.

Among other things, the Compensation Committee has the authority and responsibility under its charter to:

- periodically review and approve our policies on executive compensation, benefits and perquisites, including incentive cash compensation plans, or other forms of executive incentives;

- annually review and, as required, vote in executive session to set the compensation, benefits and perquisites of the Chief Executive Officer ( CEO ), who serves as our principal executive officer;
- annually review and, as required, vote in executive session to set the compensation, benefits and perquisites of all executive officers to satisfy the Compensation Committee that there is equity in the compensation practices and general integrity in conforming to approved plans and policies;
- recommend the compensation and benefits for non-employee directors; and
- consider, approve and administer our incentive compensation plans and equity-based plans in which directors, the CEO, other executive officers and other employees and key consultants may be participants.

The Compensation Committee sets performance goals and objectives for the executive officers, evaluates their performance with respect to those goals, sets the executive officers' compensation based upon the evaluation of their performance and approves all employment and severance related agreements with such executives. In evaluating executive officer compensation, the Compensation Committee may retain the services of compensation consultants and considers recommendations from the CEO with respect to goals and compensation of the other executive officers. The Compensation Committee also periodically reviews compensation for non-employee directors.



## **Table of Contents**

The CEO is not present when the Compensation Committee reviews and establishes the compensation, benefits and perquisites of the CEO. Although the CEO generally makes recommendations to the Compensation Committee with respect to executive compensation decisions, including base salaries, cash incentive bonuses and equity-based awards, the Compensation Committee has in the past determined compensation, benefits or perquisites that were different from those recommended by the CEO.

The Compensation Committee approves all grants of equity-based awards, except those awards for the Company's employees at the vice president level or below, which approval authority has been delegated to the CEO by the Board and the Compensation Committee. Equity award grants to executives are determined based on a periodic review by the Compensation Committee regarding appropriate incentives, with recommendations typically originating from the CEO based on each executive's individual performance, consistent with the criteria established in the long-term incentive program adopted by the Compensation Committee.

The Compensation Committee has the specific authority to hire outside advisors and consultants in its discretion at our expense. Beginning in 2015, the Compensation Committee engaged Frederic W. Cook & Co., Inc. ( FWC ) to provide comprehensive executive compensation consulting advice. A more detailed description of FWC's activities for the Compensation Committee is provided in the Compensation Discussion and Analysis section of this proxy statement.

***Consumer Experience and Compliance Committee.*** We have a standing Consumer Experience and Compliance Committee that assists the Board in fulfilling its oversight responsibilities over our compliance policies and practices, and ensuring an appropriate consumer experience as envisioned in our Consumer Bill of Rights. The Consumer Experience and Compliance Committee has oversight over matters of non-financial compliance, with particular emphasis on those areas that define the consumer experience. These areas include our overall compliance programs, policies and procedures; significant legal or regulatory compliance exposure; and material reports or inquiries from government or regulatory agencies. The Consumer Experience and Compliance Committee met 15 times during 2015 and otherwise acted by unanimous written consent.

Among other things, the Consumer Experience and Compliance Committee has the authority and responsibility under its charter to:

- monitor, review and approve our Compliance Management System ( CMS ) framework, including compliance-related controls, assessment processes, staffing, audit plans, CMS reporting and compliance policies;
- ensure that our CMS is maintained in a manner that is suitable, effective and proportionate to the nature, scale, and complexity of the risks involving consumers inherent in our business, taking into account, among other things, industry risk profiles and regulatory requirements;
- review with our Chief Compliance Officer or other members of management as appropriate (1) results of compliance reviews and any significant findings, (2) periodic reports regarding an assessment of internal controls, and (3) reports concerning any difficulties encountered in the course of compliance audits;

review with our Chief Compliance Officer or other members of management as appropriate material reports or inquiries from government or regulatory agencies that raise potentially significant issues regarding regulatory compliance and consumer experience, and overseeing management's response to those reports or inquiries;

- review with our Chief Compliance Officer or other members of management as appropriate the status of compliance with federal and state laws and regulations and internal policies, procedures and controls; and
- oversee the processes by which we train or otherwise communicate compliance obligations to key stakeholders, including employees, agents, affiliates, and key third-party vendors.

**Table of Contents**

***Nominating and Corporate Governance Committee.*** The function of the Nominating and Corporate Governance Committee is to consider and recommend qualified candidates for election as directors of the Company, to make recommendations to the Board regarding the size and composition of the Board and to develop and recommend to the Board matters related to corporate governance. The Nominating Committee met five times in 2015 and otherwise acted by unanimous written consent.

Among other things, the Nominating and Corporate Governance Committee has the authority and responsibility under its charter to:

- make recommendations to the Board concerning the size and composition of the Board;
- identify, screen and evaluate proposed candidates for the Board;
- to the extent deemed appropriate, retain third party search firms or other advisors to identify and evaluate director nominee candidates;
- annually review the Board committee structure and recommend to the Board for its approval directors to serve as members of each committee;
- recommend to the Board a process to review the effectiveness of the Board and its members, and to oversee that review process;
- develop and recommend to the Board a succession plan for the CEO role, and periodically to review that succession plan; and
- make recommendations to the Board regarding governance matters, including, but not limited to, the Company's certificate of incorporation, bylaws, and the charters of the Board's other committees.

Prior to each annual meeting of stockholders, the Nominating and Corporate Governance Committee identifies nominees to serve on the Board by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination. The Nominating and Corporate Governance Committee or the Board decides whether or not to nominate a member for re-election based on considerations, including, but not limited to, the value of continuity of service by existing members of the Board and the desired size and composition of the Board. The Nominating and Corporate Governance Committee may from time to time identify new nominees for the Board based on the desired skills and experience of a new nominee in light of the criteria described below. Current members of the Nominating and Corporate Governance Committee, the Board and management are polled for suggestions as to individuals meeting the desired criteria. Third party search firms or other advisors may also be retained to identify qualified individuals. In 2015, the Nominating and Corporate Governance Committee engaged Crist/Kolder Associates to assist it with its efforts to identify new candidates to serve on our Board. The search process culminated in the nomination and appointment of Mr. Gupta and Ms. Hannam to our Board in September

2015.

We do not have a formal diversity policy, but the Nominating and Corporate Governance Committee does consider a broad range of factors in evaluating prospective director nominees, including the following:

- the appropriate size of the Board;
- a candidate's knowledge, skills and experience, including experience in business, finance, technology, credit, strategy, accounting or administration, in light of prevailing business conditions, the needs of the Company and the knowledge, skills and experience already possessed by other members of the Board;
- whether a candidate is independent, as defined by NASDAQ Listing Rules and other applicable rules, and whether circumstances exist that may create the appearance of a conflict of interest;
- a candidate's familiarity with accounting rules and practices applicable to our business;
- a candidate's international business experience;

**Table of Contents**

- a candidate's character, integrity and reputation for working constructively with others;
- whether a candidate has sufficient time available to devote to the duties of a director of the Company;
- the desire to assemble a Board that is strong in its collective knowledge and has a diversity of skills, viewpoints and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge and corporate governance;
- the importance of maintaining productive working relationships among the Board members and between the Board and management for the benefit of all stockholders; and
- recognition of both the considerable benefit of continuity and the fresh perspective provided by the periodic introduction of new members and retirement of current members.

The Nominating and Corporate Governance Committee assesses the effectiveness of its efforts when it evaluates the Board's composition as a part of the annual nomination process.

The Nominating and Corporate Governance Committee will consider stockholder nominations for directors submitted in accordance with the procedure set forth in Section 3.14 of our Bylaws. The committee will consider each candidate equally based on the factors listed above, regardless of whether the candidate is recommended by a stockholder for election to our Board or is recommended by a member of the Board or a third party search firm. The procedures for stockholder nominated director candidates provide that a notice relating to the nomination in connection with an annual meeting must be timely given in writing to: Encore Capital Group, Inc., Attention: Corporate Secretary, 3111 Camino Del Rio North, Suite 103, San Diego, CA 92108. To be timely, the notice must be delivered within the time period described in the "Stockholder Proposals and Nominations" section of this proxy statement. Such notice must be accompanied by the nominee's written consent to serve if elected, must contain information relating to the business experience and background of the nominee and provide information with respect to the nominating stockholder and persons acting in concert with the nominating stockholder and otherwise comply with the requirements outlined in our Bylaws.

***Risk and Information Security Committee.*** We have a standing Risk and Information Security Committee that is responsible for assisting the Board in oversight of (1) internal controls designed to protect information and proprietary assets, and (2) our risk governance structure, including the Enterprise Risk Management framework, risk policies and risk tolerances. The Risk and Information Security Committee met four times during 2015 and otherwise acted by unanimous written consent.

Among other things, the Risk and Information Security Committee has the authority and responsibility under its charter to:

- review with our Chief Information Officer and management policies pertaining to information security and cyber threats, taking into account the potential for external threats, internal threats and threats arising from transactions with third parties and vendors;

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- review with our Chief Information Officer our framework to prevent, detect, and respond to cyber attacks or breaches, as well as identify areas of concern regarding possible vulnerabilities and best practices to secure points of vulnerability;
- review with our Chief Information Officer policies and frameworks relating to access controls, critical incident response plans, business continuity and disaster recovery, physical and remote system access, and perimeter protection of information technology assets
- review with management programs to educate employees about relevant information security issues and policies with respect to information security generally;
- review and approve our risk governance structure, including the Enterprise Risk Management framework, key risk policies and critical risk tolerances;

## **Table of Contents**

- discuss with management and our Chief Risk Officer our major risk exposures and review the steps management has taken to monitor and control those exposures, including our risk assessment and risk management policies; and
- review and approve our internal audit work plan to ensure alignment with identified risks and risk governance needs.

## **Other Corporate Governance Matters**

**Director Independence.** The Board has determined that all members of the Board other than Mr. Vecchione are independent directors within the meaning of NASDAQ listing standards. During its independence review, the Board considered transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries, affiliates and significant stockholders. The Board also examined transactions and relationships between directors or their affiliates and members of the Company's senior management or their affiliates. The Board has determined that each member of the Board's Audit, Compensation, and Nominating and Corporate Governance Committees is independent (or similarly designated) based on the Board's application of the standards of NASDAQ, the Securities and Exchange Commission (the SEC) or the Internal Revenue Service (the IRS), as appropriate for such committee membership.

**Audit Committee Financial Expert.** The Board has determined that each of Mr. Monaco, Mr. Mesdag and Ms. Olle qualifies as an audit committee financial expert, as defined in SEC regulations, and also possesses the financial sophistication and requisite experience as required under NASDAQ listing standards.

**Board Leadership Structure.** The Board evaluates its leadership structure on an ongoing basis according to what the Board considers to be best for the Company at any given point in time. Currently, we separate the roles of non-executive Chairman and CEO. The Board believes that having a separate non-executive Chairman and CEO provides an effective leadership model for the Company at this time and provides the benefit of the distinct abilities and experience of both the non-executive Chairman and CEO.

Our non-executive Chairman, Willem Mesdag, provides overall leadership to the Board in its oversight function. Our CEO, Kenneth A. Vecchione, is responsible for setting the strategic direction for the Company and the day-to-day leadership and overall operating performance of the Company. We believe the separation of offices ensures the independence of the Board and allows Mr. Mesdag to focus on managing Board matters and Mr. Vecchione to focus on managing our business. Having the CEO serve on our Board ensures that the Board contains the individual most familiar with the Company's business and industry and promotes open communication between management and our directors. The CEO provides advice and recommendations to the full Board for the Board's consideration. The Board's role in the risk oversight process has no effect on its leadership structure.

**Code of Ethics.** The Board has adopted a code of ethics entitled the Standards of Business Conduct applicable to our directors and all employees and officers of the Company, including our principal executive officer, principal accounting officer and principal financial officer. A copy of the Standards of Business Conduct is available on our website at [www.encorecapital.com](http://www.encorecapital.com). Click on Investors, then Corporate Governance and then Standards of Business Conduct. We may post amendments to or waivers of the provisions of the Standards of Business Conduct, if any, made with respect to any of our directors and executive officers on that website, unless otherwise required by NASDAQ listing standards to disclose any waiver in a Current Report on Form 8-K. Please note that the information contained on our website is not incorporated by reference in, or considered to be a part of, this proxy statement.

***Risk Oversight.*** Our Board is actively involved in oversight and review of the Company's risk management efforts, either directly or through its standing committees. While the Board has retained the responsibility for general oversight of risks and of the Company's Enterprise Risk Management (ERM) program, the Board's standing committees support the Board by regularly addressing various risks in their respective areas of oversight. The Risk and Information Security Committee and the Consumer Experience and



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**Table of Contents**

Compliance Committee oversee the Company's efforts to actively manage both risk and compliance matters. The Risk and Information Security Committee assists the Board by overseeing and reviewing the Company's risk governance structure, including the ERM program, and also internal controls to protect Company information and proprietary assets. The Chief Risk Officer reports to the Risk and Information Security Committee, which assesses the performance of the Chief Risk Officer. Assessing and managing risk and communicating risks to the Board is the responsibility of the Company's Chief Risk Officer. The Consumer Experience and Compliance Committee primarily oversees the Company's compliance policies and practices, as embodied in the Company's CMS and ensures an appropriate consumer experience as envisioned in the Company's *Consumer Bill of Rights*. The Chief Compliance Officer reports to the Consumer Experience and Compliance Committee, which assesses the performance of the Chief Compliance Officer. The Audit Committee primarily oversees those risks that may directly or indirectly affect our financial statements, including the areas of financial reporting, internal controls and compliance with public reporting requirements. In addition, the Compensation Committee assists the Board in fulfilling its risk management oversight responsibilities associated with risks arising from employee compensation policies and practices. Each standing committee routinely provides reports to the full Board at regular meetings concerning the activities of the committee and actions taken by the committee since the last regular meeting. Additionally, each Board committee is composed of all independent directors, with the exception of the Consumer Experience and Compliance Committee, which also includes Mr. Vecchione as an *ex officio* member.

***Communications with Directors.*** We have not adopted a formal process for stockholder communications with the Board. Given our size, the Board does not deem it necessary to formally adopt a written policy regarding stockholder communications. Stockholders, however, can contact the Board or an individual director by writing to: Board of Directors, Encore Capital Group, Inc., 3111 Camino Del Rio North, Suite 103, San Diego, CA 92108, Attention: Corporate Secretary. Absent unusual circumstances or as contemplated by committee charters, communications received in writing are distributed to members of the Board as appropriate depending on the facts and circumstances outlined in the communication received.

***Outside Advisors.*** Until May 2015, the Compensation Committee had engaged Vedder Price, L.C. (Vedder Price) to assist it in carrying out the Company's executive compensation programs. In May 2015, the Compensation Committee engaged FWC to assist it in carrying out the Company's executive compensation programs. The Compensation Committee has assessed the independence of each of Vedder Price and FWC pursuant to SEC rules and determined that each of Vedder Price and FWC is independent and their respective work for the Compensation Committee does not raise any conflict of interest. In addition, the Nominating and Corporate Governance Committee engaged Crist/Kolder Associates to assist it with its efforts to identify new candidates to serve on our Board. The search process culminated in the nomination and appointment of Mr. Gupta and Ms. Hannam to our Board in September 2015. In addition, various committees of the Board may hire outside legal counsel from time to time to provide additional advice.

***Executive Sessions of Independent Directors.*** Independent Board members meet without management present following regularly scheduled Board meetings or at any other time deemed appropriate by the Board.

***Policy Regarding Directors Attendance at Annual Meetings.*** We encourage directors to attend our annual meeting, but we do not have a policy that requires the attendance of all directors at our annual meeting. Each of our current directors who was a director at the time attended the 2015 annual meeting.

***Majority Voting Policy.*** The Company has adopted a Majority Voting Policy, which states that in an uncontested election (i.e., an election where the only nominees are those recommended by the Board), any nominee for director who receives a greater number of votes withheld from election than votes for such election's