

23 March 2018

Guidelines for remuneration of Board of Directors, Executive Management and employees

Introduction

In accordance with SimCorp's Corporate Governance Guidelines and Danish legislation, and generally accepted best practices from international Corporate Governance Guidelines SimCorp presents its remuneration guidelines for approval by the shareholders at the Annual General Meeting.

SimCorp's General Meeting 2017 adopted an overall policy for the remuneration and incentive programmes in SimCorp, the overall objective being to promote the employees' and management's awareness of profitable growth and SimCorp's long-term goals.

For the purposes of these 2018 guidelines, SimCorp's Board of Directors (Board) proposes to bring the composition of the remuneration of the Executive Management Board in line with that of similar large cap companies. Accordingly, it is proposed that the Executive Management Board shall no longer have the right to convert their participation in the short-term cash incentive programme (STIP) into participation in the long-term incentive programme (LTIP). Further, the Board of Directors has made an evaluation of the total remuneration of the Executive Management Board against remuneration for Danish and international companies similar in size and with comparable business activities and based on this have agreed to offer the Executive Management Board a variable compensation (STIP + LTIP) + other benefits which can result in a maximum payout of 2 times the base salary. Finally, the Board has agreed that the Nomination Committee, which was established following the Annual General Meeting 2017, shall also assume responsibility for assisting the Board with the oversight of remuneration matters in SimCorp. Accordingly, the committee will going forward be referred to as the Nomination and Remuneration Committee. No changes in committee fees is proposed.

The adjusted guidelines for remuneration take effect when the shareholders have approved these at the Annual General Meeting in March 2018.

Remuneration of the Board and committees

The Board receive remuneration consisting of cash and SimCorp shares. The Chairmanship prepares a proposal regarding Board remuneration that is passed by the Board for presentation at the Annual General Meeting.

The level of the total remuneration for the Board proposed to the Annual General Meeting is in line with conventional compensation for Board of Directors of comparable, Danish companies. The base remuneration is equal to all Board members and comprises a cash element of DKK 250,000 and a share element of DKK 125,000.

Guidelines for remuneration of Board of Directors, Executive Management and employees

However, the below multipliers are used for the following positions within the Board, the Audit Committee and the Nomination and Remuneration Committee. Save for the remuneration of the Nomination Committee, which was established in 2017 and from this year will act as the Nomination and Remuneration Committee, the below remuneration was adopted by the Annual General Meetings in the years from 2014 to 2017 and the Board proposes unchanged remuneration also in 2018:

	Board		Audit Committee		Nomination and Reumeration Committee	
	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK
Chairman	2.50	937,500	+0.50	+187,500	+0.25	+93,750
Vice chairman	1.50	562,500	N/A	N/A	N/A	
Member	1.00	375,000	+0.25	+93,750	+0.125	+46,875

Conversion into SimCorp Shares

One third of the total remuneration is converted into a number of SimCorp shares by applying the average share price of the SimCorp shares in the 3-day-period following the release of the annual report for the previous financial year (i.e. the annual report for the financial year previous to the financial year during which the shares have been earned). The calculated numbers of shares are transferred to the Board members' custody accounts with 100% of the number of shares once annually following the release of the annual report for the financial year during which the shares have been earned. The cash compensation is paid on a quarterly basis. Remuneration of a Board member for tasks, which are outside the normal duties of such Board member and/or compensation for significant travel time cf. below, are not included when calculating the number of SimCorp shares allocated to the Board member in question.

The shares must be held in custody by the Board members for a minimum period of one year after the shares are transferred to the Board members. This condition only applies to Board members continuing as members of the Board after the Annual General Meeting.

Expenses and ad-hoc assignments

SimCorp reimburses Board members for relevant expenses such as travel and accommodation in relation to Board meetings. In case a Board member is spending significant time on travelling to and from Board meetings the Board member is entitled to a minor travel day fee per attended meeting. The size of the travel day fee is determined by the Board. No travel day fees will be paid for Board members' travel to and from the annual off-site strategy session.

The Board may agree to assign tasks to individual Board members, which are outside the normal duties assigned to such individual Board members. In such cases the Board must pre-approve the scope of such tasks and the maximum fee for such tasks, which in no event can exceed EUR 2,500 per full-day work.

In the event that any social costs are associated with the Board's and the audit committee's remuneration these will be covered by the Company.

The Board participates neither in the short-term nor in the long-term incentive programmes.

Remuneration of the Executive Management Board

The Board approves the remuneration of the Executive Management Board for the coming financial year based on a proposal from the Chairmanship. The Chairman of the Board informs the Annual General Meeting of the remuneration for the Executive Management Board.

The aggregate remuneration of the Executive Management Board consists of a base salary and participation in the STIP and the LTIP. The aggregated remuneration is evaluated against remuneration for Danish and international companies similar in size and with comparable business activities. The target salary constitutes the remuneration if all the predefined short-term incentive related targets are fully met.

Below the remuneration structure for the Executive Management Board is summarised:

	In percentage of base salary
Base salary (cash and pension contribution)	100
Other benefits (at a maximum of)	10
STIP (at a maximum of)	90
LTIP (at a maximum of)	100
Total	300

The remuneration structure of the Executive Management Board consists of a base salary, which incorporates all pension contributions; other benefits such as company car, phone, etc. of which the annual cost for the company will be maximum 10% of the base salary; a STIP cash at a maximum of 90% of the base salary and a LTIP at a maximum of 100% of the base salary.

STIP

The Executive Management Board participates in the STIP with an annual cash bonus scheme of which the target value is up to 65% of the base salary. Typically the 65% cash bonus is split as follows: 50% is based on the company's Balanced Scorecard (50% financial objectives and 50% strategic objectives); and the remaining 15% is allocated for other specific targets that vary from year to year. As part of the approval of the STIP the Board decides every year the target values for each measure for the coming year. The Board sets challenging short-term incentive targets. If the target values for the measures are exceeded (above 100% achievement of targets) the Board may decide to apply an incentive for "over-performance", in that case the actual result of the short term incentive programme for the Executive Management Board may exceed the target value of 65% of the base salary, however, the STIP incentive compensation cannot exceed 90% of the base salary. The targets and the actual performance against these for the financial year in question are disclosed in the annual report retrospectively.

LTIP

The incentive to long-term value creation is based on participation in the granting of restricted stock units (RSUs). The members of the Executive Management Board are granted RSUs with an aggregate value at the time of grant of up to 100% of the base salary determined at the time of grant. The number of RSUs granted under the LTIP is calculated by applying the average share price of the SimCorp shares in the 3-day-period following the publication of the annual report for the previous financial year (i.e. the annual report for the financial year previous to the financial year during which the RSUs have been earned). The RSUs granted under the LTIP are subject to the Executive Management Board member being employed with SimCorp at the vesting date and that the SimCorp Group at the vesting date has met certain defined performance targets. If such targets are only met

partially, the number of shares acquired will be reduced or may lapse completely. The Board may decide that in specific circumstances, for example due to the age or seniority of the member of the Executive Management Board, it is not a condition for vesting of RSUs that the member of the Executive Management Board is employed by SimCorp at the time of vesting. The Board may decide to subject vesting to other conditions, e.g. that the member of the Executive Management Board has not passed away at the time of vesting.

Unless the Executive Management Board member already holds SimCorp shares with a market value exceeding the member's annual base salary, it is furthermore a requirement that shares to which the individual has acquired full ownership rights on the vesting date in respect of RSUs shall be held in trust for at least three years following the vesting date. Notwithstanding the foregoing, a member of the company's Executive Management Board shall be entitled to sell shares allocated under the LTIP corresponding to the income tax arising from the allocated shares in any year such shares vest. The targets and the actual performance against these for the financial year in question are disclosed in the annual report retrospectively.

Other schemes

In order to attract sufficiently qualified executive officers as members of the Executive Management Board, the Board is in extraordinary circumstances allowed to pay sign-on compensation to a member of the Executive Management Board in the form of a cash sum or RSUs. An extraordinary circumstance is, for example, the grant of sign-on compensation to compensate for the loss which a member of the Executive Management Board may suffer in respect of a previous award of RSUs, stock options, bonus, etc. as a result of the change of job.

The sign-on compensation shall in the event of a cash compensation not exceed 50% of the annual base salary for the member of the Executive Management Board at the time of employment. In the event of grant of RSUs the sign-on compensation shall not (a) be granted with a total vesting period of more than 5 years after the commencement of employment with SimCorp and (b) in average per year over the total vesting period exceed 50% of the annual base salary for the member of the Executive Management Board at the time of employment.

As a condition for the final grant of the sign-on compensation, the Board may demand a significant investment by the member of the Executive Management Board in the shares of SimCorp A/S upon commencement of employment.

The above-mentioned requirements defining the maximum percentage share of each short-term and long-term incentive-based remuneration element in the executive officer's base pay (including pension) do not apply where the elements are part of the sign-on compensation. RSUs may be granted on the condition that they will not vest until up to five years from the date of grant.

Incentive remuneration of employees

Overall principles

SimCorp's remuneration policy is based on the following general policy guidelines:

- The policy is based on local conditions in the markets where SimCorp operates
- Remuneration principles and structure apply equally to all employees irrespective of their geographic location, but the actual remuneration depends on local market conditions and may therefore vary
- To ensure transparency in performance-related pay, only a few milestones are used, primarily growth and the profitable development of SimCorp's business.
- Senior management will have a higher proportion of incentive related pay relative to overall salary
- A portion of the total remuneration received by all employees is linked to the profitable growth of SimCorp's business
- To enhance the focus of all staff in SimCorp on the long-term interests of the shareholders share-based incentive plans are based on business performance or improved share price performance.
- Share based incentive plans are based on RSUs.
- Up to 2% of the outstanding shares can be used for the RSU programmes every year.