

# SimCorp's

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## Corporate Governance Guidelines

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24 February 2017

Statutory statement corporate governance statement, confer The Danish Financial Statements Act § 107 b for the financial year 2016.

This document – Corporate Governance Guidelines for SimCorp – is an integrated part of the management report in the SimCorp Annual Report 2016.

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## **Executive Summary**

*SimCorp's Board of Directors has reviewed and discussed each of the recommendations for corporate governance issued by NASDAQ Copenhagen A/S and has assessed that with a few exceptions SimCorp is in full compliance with the recommendations.*

In a very limited number of areas SimCorp has decided not to comply with the recommendations issued by NASDAQ Copenhagen A/S. In these few cases SimCorp considers that the limited complexity of its business does not justify full compliance with the recommendations. Consequently, SimCorp is not in full compliance on the matter of separate remuneration committees.

SimCorp will inform the AGM 2017 that it intends to form a Nomination Committee and thus it is expected that SimCorp with effect from the AGM 2017 will be in compliance with the recommendation to have a Nomination Committee.

SimCorp's remuneration policy, which is available at the company's website, lays forward a clear description of SimCorp's remuneration principles and procedures and the tasks and duties in relation to remuneration in SimCorp are performed by chairmanship. As such, SimCorp has decided that no separate remuneration committee is required in SimCorp.

In Appendix 7 to these Corporate Governance Guidelines, a report on how SimCorp lives up to the May 2013 Recommendations provided by the Danish Committee on Corporate Governance can be found. SimCorp has used the format provided by the Committee for the purposes of this report.

## 1. Introduction

SimCorp has decided to base its corporate governance efforts on a two-tier system where the Board of Directors and the Executive Management Board have two distinct roles. The Executive Management Board undertakes the operational management of the company, whereas the Board of Directors controls the executive management and defines the overall strategies and goals together with the executive management.

The Board of Directors may also include members elected by and among the company's employees in Denmark, pursuant to the Danish Companies Act. All members of the Board of Directors share the same rights and duties and are equally responsible to the shareholders.

In order to ensure the efficient, appropriate, adequate, and viable management of SimCorp, the Board of Directors lays down guidelines for the overall governance of SimCorp and its subsidiaries.

The guidelines include the Rules of Procedure for the Board of Directors and have been prepared within the framework defined by SimCorp's Articles of Association, the company's mission, corporate vision, and basic values, as well as applicable legislation and rules for Danish listed companies. They are to be used and adhered to when defining policies, procedures, and principles with respect to, inter alia,

- SimCorp's relationship with its stakeholders, and especially its shareholders.
- SimCorp's external communication, including its Investor Relations Policy.
- The Board of Directors' and the Audit Committee's work.
- The relationship between the Board of Directors, the Audit Committee and the Executive Management Board.
- The Executive Management Board's work, including the Rules of Procedure for the Executive Management Board.
- Remuneration and incentive schemes.

As a listed company, SimCorp acts in compliance with the Danish Securities Trading Act (Værdipapirhandelsloven) and the Rules and Regulations issued by NASDAQ Copenhagen A/S ("NASDAQ"). Further, unless explained below or in the latest version of SimCorp A/S' Annual Report SimCorp adheres to the recommendations provided by the Danish Committee on Corporate Governance and the recommendations issued by NASDAQ's Committee on Corporate Governance.

Throughout these Corporate Governance Guidelines SimCorp refers to its supreme governing body as the "Board of Directors".

## **2. SimCorp's relationship with its stakeholders**

A fundamental element of SimCorp's objective of long-term value creation is to secure a good, constructive, and durable relationship with all the company's stakeholders: shareholders, the equity market, clients, employees, suppliers, and the community.

SimCorp's relationship with its stakeholders is based on the company's mission, corporate vision, and basic values as defined by the Board of Directors.

### **2.1. Shareholders**

SimCorp's most important objective is to promote the long-term interests of the company and thus of all shareholders. This objective applies to the company's management as well as to its employees. All shareholders are recommended to register their shares in their name in SimCorp's register of shareholders, currently kept by VP Investor Services A/S (VP Services A/S), Weidekampsgade 14, P.O. Box 4040, 2300 København S.

The company's management must maintain an ongoing dialogue with the company's shareholders. All shareholders must be given equal access to information and equal opportunities to express their views on e.g. the company's activities and its strategic and commercial development. Article 21 of the articles of association allows SimCorp to apply increased means of electronic communication between SimCorp and its shareholders.

The company's management is responsible for carrying on this dialogue at the company's general meetings and at other meetings with shareholders, such as those in connection with the publication of the company's interim financial reports.

### **2.2. The Equity Market**

As a publicly listed company SimCorp recognizes that the equity market requires timely, updated, complete, and accurate disclosure of the company's business activities and performance so as to ensure that:

- The market price of the SimCorp share reflects the company's fair value.
- The company has access to financing through the equity market on the best possible terms and conditions.
- The market liquidity of the SimCorp share is optimized.

The company shall furthermore, through an ongoing dialogue with the equity market, seek to ensure that the company's management receives information on developments in the financial markets that are of relevance for its business planning.

The Board of Directors shall be responsible for preparing and making SimCorp's Investor Relations Policy available to the public cf. section 9.1.

### **2.3. Clients**

The company's ability to develop its business depends on good, constructive, and lasting business relations with its clients.

The Board of Directors is responsible for ensuring that SimCorp sets up and maintains efficient, adequate and ethically viable procedures with a view to creating and retaining superior client relations. Such procedures shall be based on professional and commercial principles that can be adapted to variations in national practice and company cultures.

In order to ensure that the company's products, product development, and services meet the clients' requirements and legitimate expectations, SimCorp shall have a pro-active dialogue with its clients – for example in the form of user conferences, client surveys, and regular contact with individual clients.

The company will regularly, including in its annual report, disclose developments in the relationship between SimCorp and its clients.

### **2.4. Employees**

SimCorp's activities and business development depend on the efforts of its employees, not only to ensure profitable operations, but also to create the necessary basis for the company's future growth. SimCorp recognizes that innovative development and quality consciousness are essential requirements for the company being able to realize such growth.

SimCorp shall therefore ensure that the employees are offered attractive working conditions, a satisfactory working environment, competitive compensation terms, and good possibilities of personal and professional development. SimCorp shall furthermore ensure that the employees develop their professional skills within finance and IT through continued training, aimed at enhancing the value of the employees' efforts for the company.

While we believe in the principle of diversity, when recruiting new employees, SimCorp's first priority shall be the professional and personal skills required for the position that is to be filled. SimCorp has adopted a diversity policy which is set out in appendix 5 to these guidelines.

The Board of Directors is responsible for ensuring that SimCorp sets up and develops an appropriate human resources and recruitment policy covering working conditions, working environment, salary reviews, career planning, and continuing training opportunities. In this connection the Board of Directors shall ensure that the company engages in a regular dialogue with the employees in order to gain insight into how they view SimCorp as a workplace, and into their understanding of the company's mission, corporate vision, and basic values, as well as the company's short-term and long-term business targets. This dialogue can, for example, take the form of general employee surveys and individual appraisal reviews.



## **2.5. Suppliers**

SimCorp emphasizes a sound business relationship with the company's suppliers of goods and services, based on an ethically responsible foundation.

The Board of Directors will ensure that SimCorp maintains a cooperation with the company's suppliers on competitive terms and conditions.

## **2.6. The Community**

SimCorp intends to be a decent and responsible member of the communities in which it operates.

The company is therefore prepared to take part in social tasks and duties to the extent this can rightly be expected from an international business of SimCorp's nature.

SimCorp does not intend to support general or charitable purposes unless such support is directly or indirectly relevant to the company's business activities.

Subject to the company's business situation the management of the company will prioritize formal as well as informal demands from the community, including:

- Commercially and ethically responsible market and competitive behavior.
- Responsible environmental behavior, including the working environment.

The Board of Directors must ensure that procedures are in place to let all employees know that unethical behavior is unacceptable, regardless of whom it is aimed at, and where.

## **2.7. Corporate Social Responsibility**

Corporate social responsibility (CSR) in SimCorp is firmly based on the Group's core values and these Corporate Governance Guidelines as adopted by the Board of Directors.

Our commitment to sustainable development of SimCorp is based on combining financial performance with socially responsible behavior and environmental awareness.

Overall, SimCorp aims at maintaining and enhancing our professional relations with internal and external stakeholders based on mutual respect. We abide by the law in all our doings, locally as well as internationally, and in the conduct of business we will maintain a high ethical standard and always perform our activities with integrity and responsibility.

SimCorp is greatly committed to proper and diligent conduct in respect of the services and products we provide to our clients, and we commit ourselves to long-term and mutually value adding relationships with all our clients with respect for each individual client's business and social environment. We expect all our existing and potential clients to share our standards for sound and responsible behavior and trust them to operate in a legal and ethical manner.

We respect the individuality and diversity of all our employees and offer each equal opportunity for learning and growing in accordance with their individual needs and capabilities as well as the company's situation. Our communication policy ensures all our shareholders equal, adequate and timely access to information on our business.

We pursue an open dialogue with all investors and analysts about the company's activities and financial performance. We aim to reduce our environmental impact and act with sustained reliability and respect for our surroundings.

The full wording of SimCorp's Corporate Social Responsibility principles is found in the document "Corporate Social Responsibility in SimCorp" published on the company's website.

## **2.8. Diversity**

SimCorp's objective is that the Board of Directors and the Executive Management Board represent different nationalities, educational backgrounds and gender.

The Board of Directors will once a year as part of the organizational review assess SimCorp's specific goals for diversity at management levels in the organization and the follow-up by SimCorp on such goals. Appendix 5 describes SimCorp's diversity policy.

## **3. The General Meeting**

The general meeting of shareholders has the supreme authority over the company, and the shareholders exercise their right to make decisions regarding SimCorp at general meetings, either in person or by proxy.

When organizing general meetings of shareholders, SimCorp shall ensure that all shareholders:

- Are given reasonable notice and reasonable terms for submitting proposals to be considered by the general meeting.
- Have an opportunity to familiarize themselves with the agenda of the general meeting, which must be set out so as to clearly show the business to be transacted and the reasons for such business being included.
- Have a reasonable opportunity for being represented at the general meeting of shareholders.
- Are able to give a proxy for each item of business to be considered by the shareholders present at the general meeting, and for each of the nominees for the Board of Directors.

The annual general meeting shall be summoned to be held in due time so that the audited and approved annual report can be received by The Danish Commerce and Companies Agency no later than four months after the end of the financial year. The audited and approved annual report shall be submitted to the agency without undue delay after the approval at the annual general meeting.

SimCorp generally encourages its shareholders to use their influence as shareholders by

- registering as shareholders in SimCorp's register of shareholders,
- attending the annual general meeting by requesting admission card and ballot paper or
- submitting the proxy voting form either online via [www.simcorp.com](http://www.simcorp.com) or by post or authorize the Board of Directors to vote on the shareholders' behalf.

The company shall ensure that the shareholders' registration to attend and nomination of proxies for the general meeting are recorded by the company's registrar as a neutral body, except where the registrar is unable to fulfil the recording requirements of the company.

The Board of Directors shall ensure that SimCorp regularly monitors and considers implementing best practice among Danish and foreign listed companies with regard to organizing and conducting general meetings of shareholders.

An extraordinary meeting may be held when resolved by the shareholders, the Board of Directors or the auditors or when requested in writing to the Board of Directors by shareholders holding an aggregate of not less than one twentieth of the share capital.

## **4. The Board of Directors**

### **4.1. The Overall Tasks and Responsibilities of the Board of Directors**

The Board of Directors is a collective body for promoting the long-term interests of the company.

The Board of Directors is responsible for the company's overall management and for the development of the long-term strategy of the company and for ensuring that the company remains organized in an adequate and sound manner with a view to inter alia ensuring the long-term value creation to the benefit of the company and its shareholders. The most important tasks of the Board of Directors are to

- Once a year review SimCorp's mission, corporate vision, and basic values.
- Define the company's overall objectives, targets, and strategies. Once a year the Board shall follow up on and decide on new overall objectives, targets, and strategies for the future development of the company.
- Ensure that the company's Executive Management Board operates the business in accordance with the instructions of the Board of Directors.
- On a regular basis and at least once annually assess whether the company's capital structure and resources are appropriate and whether the company has sufficient liquidity to reach its strategic goals and to be able to fulfill its current and future obligations when falling due, as well as to ensure the company's long-term value creation.
- Through the Audit Committee ensure that the book-keeping and accounting process of SimCorp are carried out in a satisfactory manner.

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- Define clear guidelines for the company's internal distribution of operational responsibilities, for operational planning and follow-up (currently set out in the Rules of procedure for SimCorp's Group Management Committee), and for the company's risk management.
- Ensure that the company has adopted adequate and effective internal control and risk management systems.
- Prepare guidelines for selection, composition of, and regular evaluation of the Executive Management Board.
- Appoint a qualified Executive Management Board and to determine employment and compensation terms for the Executive Management Board that reflect efforts and results.
- Ensure good and constructive relations with the company's stakeholders.
- Through the Audit Committee recommend one or two external auditors to the annual general meeting and to approve the terms and conditions of the contract between SimCorp and the auditors. The auditors must audit the annual report in accordance with applicable legislation and standards. The auditors shall prepare a long-form audit report and present the content of the long-form audit report for the Board of Directors.
- Through the Audit Committee lay down the guidelines for and monitoring the non-audit services delivered to SimCorp by the auditors.
- Assess and control the company's IT security, accounting practices, accounting estimates and other asset administration practices.
- Through the Audit Committee continuously monitor that the Company's guidelines regarding internal control and risk management in connection with the accounting process in SimCorp remain updated, and ensure that the Company's Executive Management Board implements measures to mitigate risks which are identified as being part of the accounting process.
- Establish internal rules to ensure that the duty to inform NASDAQ is met, internal rules to ensure that internal knowledge is not unjustifiably passed on, internal rules for trading with the company's own shares, and internal rules for insiders' trading in the SimCorp share.
- Review the Corporate Governance Guidelines for SimCorp at least once a year.

The Board of Directors must make an objective assessment of any third party bid to take over the company and ensure that the shareholders are given the opportunity to make an independent decision based on the Board's recommendation.

Furthermore, the Board of Directors must assess and, if appropriate, decide whether it is in the interests of SimCorp that the company should, on its own initiative, open negotiations for the transfer of parts of or all of the company to a third party.

The board of directors has adopted a takeover manual which is updated on a yearly basis.

It must be ensured that assessments and recommendations of a material nature made by external consultants working for the Board of Directors are submitted to all members of the Board of Directors for their consideration.

#### **4.2. The Composition of the Board of Directors**

The Board of Directors shall aim to have a sufficient number of members to ensure the required professional breadth and to enable an appropriate distribution of tasks between the members, while, on the other hand, not being so large as to hamper an efficient and rapid decision-making process.

At each general meeting the retiring board shall nominate candidates for the vacant offices on the Board so as to ensure that the shareholders are able to elect a continuing board that can act independently of the Executive Management Board and of special interests, and that represent a balance between continuity and innovation.

The notice of the general meeting shall include a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organizational tasks. In addition, it will be stated if the individual candidate is considered independent.

The Board of Directors shall ensure that the nominees meet the following criteria:

The nominees must not:

- be professional consultants to SimCorp or be employed by or have a financial interest in any company that acts as professional consultants to SimCorp;
- have a material strategic interest in the company other than that of a shareholder;
- be members of SimCorp's Executive Management Board or have been within the last five years, a member of the Executive Management Board or managerial staff of SimCorp or an associated company;
- be, or have been within the last three years, an employee or partner of SimCorp's external audit firm;
- hold cross-memberships of governing bodies;
- have been a member of the Board of Directors for more than 12 years; or
- have close family ties with persons that are not regarded as independent persons in SimCorp.

At the general meeting the Board of Directors shall inform about its assessment of the nominees meeting the above criteria.

SimCorp's annual report shall, for each board member elected by the shareholders, disclose information on the member's position, other offices as member of executive management boards or boards of directors, number of shares, options and warrants held in the company and affiliated companies, and changes in the member's holding of such securities during the financial year. Further, SimCorp shall in respect of each board member state whether such board member is regarded as an independent person together with the grounds for such consideration.

SimCorp has adopted a voluntary scheme for the election of employees to the Board of Directors pursuant to the rules on representation at group level. All employees in the SimCorp group of companies may vote at elections and are eligible to the Board of Directors. The voluntary scheme is

further described in an election statute as approved by the Board of Directors. The number of employee-elected Board members will correspond to the number mandated by the Danish legislation on company representation. Currently, three members are elected for a three year period. The employee-elected members of the Board of Directors share the same rights and responsibilities as the members elected by the general meeting. Appendix 4 sets out a description of how SimCorp has applied the system of employee-elected board members.

The chairman shall ensure that new board members are being thoroughly introduced to the company and that they subscribe to the Corporate Governance Guidelines for SimCorp.

#### **4.3. Use of board committees**

The Board of Directors may set up a permanent, separate committee as well as committees for special purposes. SimCorp shall ensure transparency about any board committees by disclosing information on the company's website on:

- the terms of reference for the board committees,
- important activities of the committees during the year and the number of meetings held by each committee, and
- the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.

Besides the Audit Committee, SimCorp does not have any separate, permanent board committees.

#### **4.4. The Qualifications of the Board of Directors**

When nominating candidates for election to the Board by the shareholders, the Board of Directors shall, in addition to the general guidelines set out in section 4.2, seek to ensure that the candidates between them represent the required knowledge of the industry, and the required business and financial competencies, to act as an efficient, visionary and result-oriented dialogue partner for the company's Executive Management Board.

The competences, experience and knowledge to be possessed by the Board of Directors between them to best perform their tasks are set out in Appendix 3 to these Corporate Governance Guidelines.

#### **4.5. Disqualifications and Duties**

No member of the Board of Directors may participate in the Board's considerations of any question relating to the relationship with any legal entity in which he has a direct or indirect interest.

A member of the Board of Directors has a duty to inform, of his own accord, of any matter that may give rise to doubts as to his competence.

The Board of Directors shall approve any agreements between the company and a board member, as well as any agreements between the company and a third party in which a member of the Board of Directors may have a special interest.

Members of the Board of Directors may not obtain loans from the company, and the Board of Directors may not grant or provide security for loans to shareholders or to Executive Management Board members.

If a member of the Board of Directors wishes to be provided with information or evidence about any matter outside a board meeting, he or she shall be entitled to approach the chairman or the auditors. In case the board member approaches the auditors directly, he or she is obliged to inform the chairman of the audit committee immediately thereafter. The results and conclusions of such approaches shall be reported by the chairman of the audit committee at the following board meeting unless otherwise dictated by the nature of the discussions.

Should a member of the Board of Directors disagree with the company's annual report, or have objections to the annual report being approved with the decided content, and should this person want to inform the shareholders of this, the dispute or the objections shall appear in connection with the signatures on the annual report in a satisfactorily, concretely, and well-founded manner. The member in question shall not be allowed to omit signing the annual report.

#### **4.6. Self-assessment**

The Board of Directors must once a year carry out a self-assessment procedure that systematically evaluates the composition of the Board as well as the results and work of the Board of Directors, the chairman, and the individual board members. The assessment shall include, inter alia,

- The extent to which strategic goals and plans have been achieved.
- The quality and efficiency of the Board's work.
- The contributions to the Board's work made by the individual board members.
- The competencies and experiences of the board's members seen in relation to the identified ideal competence profile including identification of skills and expertise of its members that need to be updated.

As an integrated part of the above assessment the Board of Directors and the Executive Management Board shall once a year make a joint assessment of the co-operation between the two boards. The results of the assessment shall be discussed at a board meeting. The chairman is responsible for carrying out the assessment provided, however, that the deputy chairman shall be responsible for carrying out the assessment of the chairman, and the results shall be discussed by the entire Board of Directors and the Executive Management Board.

#### **4.7. External Reporting and the Board's Work**

In its management commentary, SimCorp shall disclose information on the Board's work during the past year. Such disclosure shall include, inter alia:

- Meetings held by the Board of Directors.
- Adoption or updating of important procedures and instructions.
- The procedure used by the Board of Directors for its self-assessment and the outcome hereof.
- The Board's assessment of the appropriateness of the company's capital structure and resources.

### **5. The Audit Committee**

SimCorp's Board has established an audit committee (the "Audit Committee"). The Board appoints the chairman and the members of the Audit Committee directly and may at any time change the appointment of members of the Audit Committee.

The Board shall ensure that the Audit Committee continuously complies with section 31 of the Danish Act on Statutory Auditors and Accounting Firms, pursuant to which at least one independent member of the Audit Committee must possess special competences within accounting or auditing.

The roles and responsibilities of the Audit Committee are set out in the Terms of Reference for the Audit Committee in Appendix 2.

### **6. The Executive Management Board**

#### **6.1. The Composition of the Executive Management Board**

The Board of Directors is responsible for ensuring the appropriate composition of SimCorp's Executive Management Board, with a view to reflecting the company's current position and development plans.

SimCorp adheres to the recommendation that members of the executive management board of a company should not be members of the Board of Directors of the same company. Accordingly, a member of the Board of Directors cannot be appointed member of the Executive Management Board until he or she has retired from the Board of Directors.



## **6.2. Tasks and responsibilities of the Executive Management Board**

The Board of Directors shall define the tasks and responsibilities of the Executive Management Board and ensure that the Executive Management Board drafts, maintains, and complies with the Rules of Procedure specifying, inter alia:

- Rules for the co-operation between the individual members of the Executive Management Board.
- Frequency of meetings between the Executive Management Board members.
- The distribution of responsibilities among the Executive Management Board members.

The Executive Management Board is required to submit to the Board of Directors for consideration and decision all important matters, including matters that, considering the circumstances of the company, are unusual or of significant importance. Such matters can only be decided upon by the Executive Management Board provided that a decision by the Board of Directors cannot be awaited without appreciable inconvenience to the operations of the company. The Executive Management Board shall, without undue delay, inform the Board of Directors about any decisions made according to this exception rule.

A description of the Executive Management Board's tasks and responsibilities shall be made. The description shall among other things lay down procedures for the Executive Management Board's reporting to the Board of Directors, for the communication between the two boards, and for the evaluation of the Executive Management Board's work.

The Board of Directors must ensure that it regularly receives such information on the company's activities as the Board of Directors requires. The Executive Management Board shall, however, ensure that material information is submitted to the Board of Directors, whether or not the Board of Directors has requested such information.

## **6.3. Disqualifications and Duties**

No member of the Executive Management Board may participate in the Board of Director's considerations of any question relating to the relationship with any legal entity in which he has a direct or indirect interest.

An Executive Management Board member has a duty to inform, of his own accord, of any matter that may give rise to doubts as to his competence.

The Board of Directors shall approve any agreements between the company and an Executive Management Board member, as well as any agreements between the company and a third party in which a member of the Executive Management Board may have a special interest.

Should a member of the Executive Management Board disagree with the company's annual report, or have objections to the annual report being approved with the decided content, and should this

person want to inform the shareholders of this, the dispute or the objections shall appear in connection with the signatures on the annual report in a satisfactorily, concretely, and well-founded manner. The member in question shall not be allowed to omit signing the annual report.

#### **6.4. Evaluation**

The Board of Directors shall set up a procedure for an annual evaluation of the work and results of the Executive Management Board in accordance with specific criteria defined in advance. The procedure shall also comprise an assessment of the individual Executive Management Board members.

## **7. Remuneration and Incentive Schemes**

### **7.1. General Principles**

The total compensation paid to members of the Board of Directors (including fees for Committee work), the Executive Management Board and the employees of SimCorp shall be reasonable relative to the tasks to be performed and the responsibility involved in performing such tasks.

Incentive pay based on the performance of SimCorp's business may be used as part of the compensation to the extent it is believed to enhance the joint interests of the shareholders and the management and contribute to management focusing on adding to the value creation in the company.

The Board of Directors shall define principles and guidelines for remuneration and incentive schemes for the Board of Directors (including fees for Committee work), the Executive Management Board and the employees of SimCorp. These principles and guidelines shall ensure that the total compensation paid is competitive and reasonable and reflects the independent efforts and value creation for the company of each member of the Executive Management Board and the Board of Directors and the employees of SimCorp. The guidelines for incentive remuneration for the Board of Directors, the Executive Management Board and the employees of SimCorp are subject to approval by the shareholders at the general meeting.

Incentive schemes in which both the Executive Management Board and the Board of Directors can participate must to the widest possible extent be designed to avoid a timely coincidence of interests between the two boards.

The Policy for Remuneration of Board of Directors (including fees for Committee work), Executive Management and Employees of SimCorp shall be disclosed in SimCorp's annual report and on the company website of SimCorp. The annual report shall also highlight whether the remuneration policies have been changed in the course of the financial year.

### **7.2. Disclosure of Remuneration and Incentive Schemes**

The total amount of compensation and the incentive pay paid to each member of the Board of Directors (including fees for Committee work) and of the Executive Management Board shall be disclosed in the company's annual report.

The report shall also disclose all material matters relating to share-based incentive schemes for other groups of employees, as well as the main contents of the severance schemes for the Executive Management Board members.

## **8. Risk Management**

### **8.1. Risk Management Procedures**

The Board of Directors is responsible for ensuring that SimCorp has appropriate and adequate procedures in place to monitor, measure and manage the company's risks, and that such procedures are firmly embedded throughout the company's organization. The Board of Directors shall once a year assess the company's risk exposure, and review systems and procedures for risk monitoring and reporting, and the company's insurance coverage. This assessment shall ensure that the company inter alia:

- Develops and maintains an understanding throughout the organization of the company's strategic and operational goals, and identifies critical success factors for achieving such goals.
- Analyses the risk and consequences of the company's failure to achieve the strategic and operational goals.
- Analyses the company's most important business activities with a view to identifying related risks.

In connection with the risk assessment, the Board of Directors shall define the company's willingness to accept risk and evaluate the company's risk management, including insurance, currency, and investment policies. The risk management policy shall define the company's risks and specify methods to monitor, eliminate, control, or hedge risk. Finally, the risk management policy shall define the extent to which the company's independent auditors should contribute to assessing the company's material risks and risk management measures.

The Board of Directors must ensure that reasonable procedures for an effective reporting to the Board of Directors of the company's risk exposure are established. This reporting must be in line with the decided risk policy.

The Audit Committee must review and monitor the company's ongoing relations with the external auditors and the independence of the external auditors. In particular it must ensure that the cooperation between the company's finance department and the external auditors, is planned in a way such that the external auditing can be carried out as efficiently as possible. Based on recommendations from the Audit Committee and the external auditors the Board of Directors decides whether there – in given periods – are areas that the external auditors should pay special attention to.

In the annual report SimCorp shall disclose information about significant activities related to the company's risk management.

## **8.2. Whistleblower Policy**

SimCorp has established a whistleblower system as a means of increasing focus on transparency. The whistleblower system allows employees, management, members of the Board of Directors of SimCorp and other stakeholders of SimCorp (such as supplier representatives, clients or SimCorp shareholders) who believe they have become aware of actions or omissions that could damage SimCorp whether financially, reputationally or in some other way to pass on this information to a whistleblower e-mail account which can be found at <http://www.simcorp.com/Investors/Corporate-Governance/Whistleblower-Policy>.

The Board of Directors will appoint a representative of SimCorp to act as gatekeeper in respect of the whistleblower account. The Board of Directors is responsible for appointing a representative who possesses the professional qualifications and integrity in order to provide for a credible and independent administration of the whistleblower policy.

Any information received via the whistleblower system and which by the gatekeeper is not considered clearly unfounded may be passed on to the CEO and the Chairman of the Board of Directors who will then consider the appropriate measures. Reports and questions that are received via the whistleblower system are treated confidentially.

In order to (i) prevent passing on of information that is clearly unfounded; and (ii) to make sure that the receiver of the information is not personally involved in the matter in question, the Board of Directors shall instruct the gatekeeper to apply a criterion of materiality when determining which information is passed on, while at same time taking into account whom the information is intended for.

## **9. External Reporting and Communication**

### **9.1. Communication Policy**

The Board of Directors shall ensure that SimCorp has an information and communication policy that ensures that the company's stakeholders receive relevant, timely, accurate and full information on the company's activities to the extent such disclosure would not be detrimental to the company's current or future competitive position.

As part of the Company's communication policy, the Board of Directors shall ensure that an Investor Relations Policy is drafted to ensure that all material information of importance for the shareholders' and the equity market's evaluation of the company, its activities and business targets, strategies and results are published without undue delay. Publication shall take place in a reliable and adequate manner through channels that ensure equal access to such information for everybody. The Investor Relations Policy shall provide for the dialogue with the equity market being conducted on a professional basis in accordance with legislation and stock exchange codes of ethics, and so that it promotes the company's reputation as an open and trustworthy organization.

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A member of the Board of Directors may not without the permission of the chairman make any statement to the media or approach the public concerning the company's affairs. To ensure openness and transparency the Board of Directors shall lay down an information and communications policy for the company that establishes the exact guidelines for communication with the employees, shareholders and the public regarding the company's affairs.

SimCorp's announcements to NASDAQ will be published in Danish and English. Other information will be published in English and may also be published in Danish and/or other relevant languages.

**9.2. Financial Reporting**

The Board of Directors shall ensure that the company publishes quarterly interim reports suited to provide an adequate impression of the company's financial and commercial position and the achievement of the company's operational and strategic goals. The company's financial reporting shall also set out the management's expectations to the company's future development.

The company's financial reporting shall be structured so as to enable shareholders and equity market participants to make an independent, professional evaluation and analysis of the company's commercial and financial position and future prospects.

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Copenhagen, 24 February 2017

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Jesper Brandgaard

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Peter Schütze

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Patricia McDonald

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Simon Jeffreys

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Hervé Couturier

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Else Braathen

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Vera Bergforth

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Ulrik Elstrup Hansen

## **Appendix 1: Rules of Procedures for the Board of Directors**

### **Duties of the Board of Directors**

In addition to carrying out the tasks and responsibilities listed in section 4.1, it is the duty of the Board of Directors to:

- Ensure and control through the Audit Committee that the business of the company is run in accordance with the Danish Companies Act, the Danish Bookkeeping Act, and other relevant legislation and regulations.
- Obtain all information and documentation necessary for the fulfilment of the Board's functions, and for evaluating the matters reviewed by the Board, received from e.g. the Executive Management Board or from any senior manager called to appear before the Board of Directors.
- Approve the guidelines regarding the organizational build-up of the company, hereunder the accounting function, internal control, IT organization, and budgeting, made by the Executive Management Board.
- Follow up on plans, projects, etc., and to consider reports on the company's risk management, liquidity and volume of orders, substantial transactions, financing, cash flow, and special risks.
- At least once a year review the company's major insurance policies and insurance conditions.
- Ensure the availability of all information required by the auditors.
- Monitor the effectiveness of the company's internal control and risk management systems.
- At least once a year discuss the composition of the Executive Management Board, as well as development, risks and succession plans.

It is furthermore the duty of the Board of Directors to supervise the administration of the company according to the following guidelines:

- The Board of Directors through the Audit Committee shall ensure that the bookkeeping and the administration of the assets can be supervised in a satisfactory way, considering the company's business. To accomplish this the Board of Directors shall continuously ensure that adequate internal checking and control procedures are established.
- The Board of Directors shall ensure that it through the Audit Committee receives sufficient information and reports on the company's financial matters.
- The Board of Directors shall through the Audit Committee monitor the mandatory audit of the annual report, and as part hereof discuss the audit plan and audit strategy with the auditors. The long-form audit report shall be presented at all board meetings and all entries shall be signed by all board members. The auditors must prepare the long-form audit report so that it includes information on the scope and extent of the audit carried out together with the conclusions made on the basis of the audit. The auditors must inform about significant issues relating to the audit, including such findings made by the auditors which disclose material uncertainties, errors or omissions on the part of SimCorp's book-keeping, accounting practices or internal controls. Copies of all entries in the long-form audit report shall be sent directly to all members of the Board of Directors.
- The Board of Directors shall continuously monitor that the Company's Executive Management Board implements any agreed measures to mitigate risks which are identified as being part of

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the accounting process. Further, the Board of Directors shall ensure that the Company's Executive Management Board monitors and acts diligently upon any identified errors or omissions or violations of SimCorp's internal policies, guidelines, processes and administrative procedures. Reference is made to the "Description of control and risk management in financial reporting process" as enclosed in Appendix 6 of the Corporate Governance Guidelines.

- When requested by a member of the Board of Directors the auditors shall, at appropriate notice from the chairman, be summoned to answer questions raised during board meetings. The auditors shall furthermore be requested to attend any board meeting where the Board reviews and considers annual accounts and long-form audit report.

If the company is likely to face financial difficulties or become insolvent, the Board of Directors shall without undue delay come to a decision on what to do in this respect.

**Tasks and Responsibilities of the Chairman and the Deputy Chairman**

The chairman is responsible for ensuring that the Board of Directors functions satisfactorily, complies with the Corporate Governance Guidelines for SimCorp, and generally performs its tasks and duties in the best possible manner. In this connection the chairman shall ensure that the company through the Board's work derives maximum benefit from any special knowledge and competencies held by individual board members.

The chairman shall seek to ensure that business transacted by the Board is considered by all board members, and that all material resolutions are passed in the presence of all board members.

The chairman shall be in charge of the Board of Directors' dialogue with the company's Executive Management Board, generally by direct contact to the CEO. Furthermore, any member of the Board of Directors may request the chairman to approach a member of the Executive Management Board with a view to elucidating facts or discussing the development of the company's business. The result and conclusion of such approaches shall be reported at the following board meeting unless otherwise dictated by the nature of the discussions.

Neither the chairman nor the deputy chairman may carry out for the company such assignments which are not usually part of his function, apart from such specific assignments as he is requested to accept by and on behalf of the Board of Directors.

In the chairman's absence, the deputy chairman shall act in the place of the chairman.

**Board Meetings**

Each year in December the following year's meeting calendar shall be scheduled.

The Board of Directors shall meet when the chairman considers it necessary, and when it is requested by a member of the Board of Directors or by a member of the Executive Management Board.

The chairman shall ensure that all members are summoned to the meetings. Notice of the board meetings, including the agenda, shall as far as possible be given with at least eight days' notice through letter, e-mail, or another suitable means of communication, to all members of the Board.



At each ordinary board meeting the agenda shall, as a minimum, contain the following items:

1. Presentation of the minute book with the minutes of the previous meeting to be approved and signed by all present members of the Board.
2. Presentation of any entries in the long-form audit report, and signing hereof.
3. Input from the Audit Committee including
  - 3.1. Presentation of interim accounts made since the previous board meeting, and relevant turn-over and result forecasts for the year.
  - 3.2. The company's cash position, hereunder a cash position forecast for the current year.
4. Briefing from the Executive Management Board on the company's and the subsidiaries' business since the previous meeting, including:
  - 4.1. Market conditions and the company's order books.
  - 4.2. Other issues of interest to the Board of Directors.
5. Any other business.

Members of the Executive Management Board have the right to and are obliged to be present and to speak at the board meetings, unless otherwise decided by the Board of Directors in any particular case.

The Board of Directors may decide to allow experts, hereunder external advisors, to participate in board meetings; however, without the right to vote. The Board shall ensure that these experts and external advisors are informed that all information obtained in such meetings shall be treated as confidential, that, if necessary, a confidentiality agreement shall be signed and that, if necessary, these experts and external advisors are registered in the company's insider register.

### **Board Decisions**

The matters discussed by the Board shall be determined by a simple majority of votes, cf. SimCorp's Articles of Association, Article 18.

In very special cases and when the Board's decision cannot be awaited without appreciable inconvenience to the operations of the company the chairman shall be entitled to make a decision on his own. The chairman shall, without undue delay, inform the Board of the decision made and ensure that it is entered into the minute book and that a copy of the entry is sent to the board members.

The Board of Directors may authorize a member of the Board of Directors or a member of the Executive Management Board to act with full legal effect on behalf of the Board of Directors in specified, separate transactions. The appointment shall require the unanimous decision of all the members of the Board of Directors.

### **Minutes, Company Records, Internal Rules, etc.**

The chairman of the Board presides at the meetings and shall keep, or arrange for the keeping of, minutes of the discussions that have taken place. The minutes and other records shall be signed by all members of the Board. Absent members are obliged to acquaint themselves with the entries made in the minutes during their absence and must sign the records, preceding their signature by the word "read".

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The minutes of the meeting shall be sent to all members of the Board no later than two weeks after each meeting. The minutes shall show which written material that has been presented at the meeting, and this material shall be kept in a separate minute book.

The Board shall ensure that a list of shareholders is kept in the company or by a registrar outside the Company designated by the Board of Directors, cf. the Danish Companies Act, section 50. For shares registered by name, the shareholder's name shall be recorded in the register of shareholders. Before any record is made the registrar shall ensure that the shareholder in question possess the share with a formally valid title. The register of shareholders shall be managed by the registrar appointed according to the company's Articles of Association.

The Board shall ensure that a record of trade of all SimCorp shares is kept. The shares possessed by members of the Executive Management Board and of the Board of Directors shall be entered into this record, as well as information on their subsequent purchases or sales of such shares. The Board may choose to keep a common record of trade of shares for all companies in SimCorp and its subsidiaries.

The Board shall ensure that the company keeps an insider register, cf. the Danish Securities Trading Act, and the Executive Order on Lists of Insiders, Notification of Insiders' Transactions, etc., issued by the Danish FSA. The Board may choose to keep the record of trade mentioned in the previous paragraph as part of the insider register. The Board shall ensure that the company establishes and maintains internal rules in accordance with requirements specified by the law and by NASDAQ.

The Board shall ensure that the company keeps a separate record of shareholders whose possession of shares aggregate to at least 5 per cent of the voting share capital, or whose possession of shares aggregate to at least 5 per cent of the nominal value of the share capital. Information on changed share holdings shall be noted in the record, cf. the Danish Companies Act, Sections 55 and 56.

At each ordinary board meeting a list of information passed on through the whistleblower account, if any, together with an outline of any actions taken as a consequence of such information shall be presented to the Board of Directors.

**Confidentiality**

The meetings of the Board of Directors and those of its committees are confidential.

A member of the Board of Directors is bound to observe confidentiality about all matters about the company that come to his knowledge in his capacity as a board member or otherwise.

All decisions made by the Board of Directors that may be of importance or interest to one or more of the employees of the company shall be made known to the employees only through the Executive Management Board, unless the Board of Directors decides otherwise in each individual case.

All information and documentation delivered to the board members shall be considered as strictly confidential and kept accordingly. A board member shall, upon his resignation from the Board of Directors, return all documentation received by him to the chairman, or solemnly declare that all such documentation has been destroyed. This duty shall also, if circumstances require it, apply to the estate after a deceased board member.

### **Budgeting and Planning**

The Board of Directors shall initiate and has the overall responsibility for the planning of the company's business.

Strategic plans shall be drawn up for a three-year period and must be revised by the Board of Directors at least once a year together with the reviewing of SimCorp's mission, corporate vision, and basic values.

The Board of Directors shall instruct the Executive Management Board to prepare annual budgets, including monthly budgets with detailed budget assumptions. The budgets shall reflect and include remarks on any future major changes or plans and be presented to the Board for approval prior to the beginning of a financial year.

The Board of Directors shall further instruct the Executive Management Board to prepare quarterly accounts together with budgetary control as well as commentaries concerning any substantial deviations from the budget, and expectations to the annual result, and the expected liquidity for the remainder of the financial year. This material must be available for the Board of Directors no later than six weeks after the end of the quarter.

The Board shall independently review the quarterly accounts, the budgets, and any discrepancies there from.

## **Appendix 2: Terms of Reference of Audit Committee**

### **1. Preamble and purpose**

The SimCorp Audit Committee (the “Committee”) has been established by the SimCorp A/S Board of Directors (the “Board”) to assist the Board with the oversight of the financial reporting process, the effectiveness of the internal control and risk management systems, and to monitor the external audit of financial reporting and the independence of the external audit for the SimCorp Group of companies (the “SimCorp Group”).

The terms of reference for the Committee were adopted by the Board on 27 August 2013 pursuant to section 5 of the company’s Corporate Governance Guidelines.

The purpose of the Committee is to monitor:

- Financial reporting, to include the quality of statutory financial statements and disclosures;
- Financial internal control and financial risks<sup>1</sup>;
- External Audit effectiveness.

### **2. Scope and Authority**

The scope of the Committee includes the entire SimCorp Group.

The Board has delegated authority to the Committee to carry out its mandate. The Committee has the authority to seek external independent advice to assist it with carrying out its duties.

### **3. Accountability**

The chairman of the Committee (the “Chairman”) is be accountable to the Board for the Committee discharging its duties and responsibilities as set out in the terms of reference.

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<sup>1</sup> Financial Risks means the risk of:

- Failure to make timely and accurate financial regulatory reports or other financial filings.
- Failure to detect fraud or have adequate controls to prevent fraud.
- Failure to manage the cash-flow or financial assets and liabilities, leading to capital, liquidity or unexpected financial results.
- Failure to set and manage control processes that would prevent a financial misstatement occurring.

## **4. Responsibilities**

### **4.1. Financial Reporting**

The Committee will monitor the Executive Management Board's recommendations in respect of financial reporting, and recommend to the Board:

- SimCorp's quarterly and annual reports and accounts;
- Any significant changes in SimCorp's accounting policies and practices; and
- Changes in any significant treasury arrangements and their impact on SimCorp.

### **4.2. Financial Control Environment / Financial Risk (including market, credit and liquidity risk)**

The Committee will:

- Monitor the Executive Management Board's maintenance of an effective system of internal financial control, including notifying the Board of financial control deficiencies or other issues;
- Monitor and advise the Board on the management of key financial risks, including reviewing reports for material breaches of risk tolerances and material audit findings, and the adequacy of proposed actions;
- Monitor scenarios and stress tests to assess the adequacy of capital and liquidity;
- Monitor the financial controls in place to ensure investments are being managed in line with the authority principles and that all investments are analyzed and treated in an appropriate manner;
- Monitor the level of exposure to credit risk.

### **4.3. Internal Audit**

The Committee will:

- Assess the need for establishing a separate Internal Audit function for SimCorp to ensure audit activities support the risk profile of SimCorp Group and provide recommendations to the Board should additional audit function be required.

**4.4. External Audit**

The Committee will:

- Monitor and control the External Auditor's independence and objectivity, and the effectiveness of the audit process;
- Make recommendations to the Board in relation to the appointment, re-appointment and removal of the External Auditor;
- Review the terms of engagement of the External Auditor, including any engagement letter, and the scope of each audit;
- Monitor the annual audit plan and the scope of audit;
- Review any representation letter(s) requested by the External Auditor before they are signed by the Executive Management Board;
- Review the management letter and the Executive Management Board's response to the auditor's findings and recommendations;
- Review the External Auditor's draft long form audit report to the Board, the Executive Management Board's responses and the resolution of any issues including any open points from prior years; and
- Meet the External Auditor at least annually without the Executive Management Board being present and discuss the auditor's remit and any issues arising from audits.

**4.5. Other matters**

The Committee will:

- Monitor related party transactions
- Monitor matters raised by any whistleblower and make recommendations to the Board for actions to be taken;
- Monitor the current status of the completion and filing of returns to meet legal and regulatory requirements;
- Monitor matters of financial risk and refer matters as appropriate to the Board; and
- Monitor arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and for the proportionate and independent investigation of such matters and for appropriate follow up action.

**4.6. Corporate Governance matters**

The Committee will:

- Review and recommend this Committee's Terms of Reference to the Board for approval on an annual basis.

## **5. Committee Members and Invitees**

### **5.1. Chairman**

The Board appoints the Chairman of the committee who cannot simultaneously act as chairman of the Board of Directors.

The Chairman must be an independent, Non-Executive Director with such recent and relevant financial experience that allows the Chairman to fulfil the requirement in section 31 of the Danish Act on Statutory Auditors and Accounting Firms of possessing special competences within accounting or auditing and with relevant experience for a listed company.

The appointment is for a period of one year at a time concurrent with the term for which external Board members are elected for their Board position at SimCorp A/S. Re-appointment may take place.

Should the Chairman be unable to attend a Committee meeting, the Chairman will delegate his responsibility to a nominated Chairman for that session.

### **5.2. Other Standing Member & Other Attendees**

The Board will among them elect between 2 (two) and 5 (five) ordinary members of the Committee.

The appointment is for a period of one year at a time concurrent with the term for which external Board members are elected for their Board position at SimCorp A/S. Re-appointment may take place. Other Attendees are:

- SimCorp's Chief Financial Officer (CFO);
- SimCorp's Group Chief Accountant; and
- SimCorp's external auditor - for the meeting where the audit plan for the coming year is on the agenda and for the meeting where the results of the annual audit including the presentation of the annual statement is on the agenda.

If an attendee of the Committee is unable to attend the Committee meeting, the attendee may, with agreement of the Chairman of the Committee, select an alternate to attend on their behalf.

Optional Attendees are:

- SimCorp's Chief Executive Officer (CEO);
- SimCorp's Chief Technology Officer (CTO); and

### **5.3. Committee Invitees**

The Chairman may invite or require other persons relevant to Committee business to attend Committee meetings, including the representatives of the SimCorp's Market Units and Product Division, external professionals and other advisors as appropriate.

### **5.4. Committee Secretary**

The Committee Secretary will be from Group Legal and Compliance.

- The Secretary to the Committee is not a member and carries no voting right;
- Should the Committee Secretary be unable to attend a Committee meeting the secretary will nominate a Committee Secretary to fulfil the duties for that session.

## **6. Committee Meetings**

### **6.1. Meeting Frequency and forum**

The Committee shall meet as often as it and its Chairman deem necessary however, at a minimum, the Committee will meet four times a year at appropriate times in the reporting and audit cycle. The meetings can take place both as physical meetings as well as telephone/ video conference.

During the period between meetings of the Committee, the Board may request the Chairman to convene further meetings at which to discuss particular issues that may require the Committee's advice. The Board may also ask the Chairman to conduct reviews of any other issues or activities within its Terms of Reference.

### **6.2. Papers and Minutes**

The agenda shall be prepared by the Committee Secretary, reviewed by the SimCorp CFO, and approved by the Chairman. The agenda, reports and supporting papers shall be issued in a timely manner to allow appropriate consideration by the Committee members.

Meetings of the Committee shall be formally minuted by the Committee Secretary and circulated within 10 working days of each meeting to all members of the Committee, to Board members, members of the Executive Management Board and the external auditor.



### **6.3. Voting and Quorum**

Only Committee members shall have the right to vote on resolutions put to the Committee.

The quorum for meetings of the Committee for carrying out its duties shall be a least three members, including:

- The Chairman, or the nominated representative to act as Chairman; and
- Two additional member of the Committee.

### **6.4. Executive Sessions**

An “executive session” of the Committee may be called at any time deemed appropriate by the Chairman; in such situations:

All non-Committee members must leave the meeting, except for any relevant executive(s) and/or personnel as required by the Committee.

### **6.5. Annual Wheel**

The Committee will prepare an annual review and approval cycle describing the review and approval tasks relative to each of the ordinary meetings of the Committee.

## **7. Reporting**

The Committee reports to the Board and will make a report once a year describing the activities and work done in the Committee during the year. This report may be a part of the annual report to the shareholders or it can be disclosed separately at the company’s website.

## **8. Escalation Principles**

Whenever the Committee determines that material risks have occurred, or are likely to occur, reports and recommendations for action shall be escalated to:

- The Board.

### **Appendix 3: Competences and knowledge to be possessed by the Board of Directors**

The Board of Directors shall between them share the following knowledge, experience and competences:

- Knowledge about general management, including competencies within strategy development
- Knowledge about sales, marketing and communicating with clients, including distribution concepts within software applications
- Knowledge about capital market conditions and insight into strategic thinking within asset management and related areas
- Knowledge about IT/technology particularly with regard to product development of software applications
- Knowledge about operations and finance particularly with regard to conditions related to foreign subsidiaries
- Knowledge about HR management in a company with highly educated and skilled employees
- Experience in further developing an international public listed growth company
- Special insight into accounting and auditing (cf. EU's 8. directive)
- Experience in going through with M&As and establishing partnerships of a considerable size
- Knowledge of the business in which SimCorp operates
- Knowledge about corporate governance and management systems in an international organization
- Knowledge about handling IR and other owner-relations in a public listed company

## **Appendix 4: Employee-elected Board Members**

The employee election of members of the Board of Directors took place last time in February/March 2016. The SimCorp Group employees elected 3 members and 5 substitute members of the Board of Directors for the period 2016– 2019. The employee-elected members entered the Board at the ordinary general meeting 1 April 2016 and their election period runs until the Annual General Meeting 2019.

The SimCorp group carried out the election procedure in accordance with article 15 of the company's articles of association, the election regulation approved by the board of directors and employee representation in SimCorp A/S on 29 February 2012 and Statutory Order no. 344 dated 30 March 2012 regarding employee representation in public and private companies.

SimCorp applied rules on how candidates were entitled to do campaigning, including by offering the candidates the possibility of presenting themselves in writing with the overall aim that all candidates shared equal opportunities to present their candidature.

The election took place as a direct election, in two rounds. For each round, each employee had two votes. The election took place electronically and the votes given were secret.

## **Appendix 5: Diversity Policy**

### **1. Purpose**

At SimCorp we believe that a diverse and inclusive workplace is important in order to make SimCorp an employer of choice and in order to be competitive in the markets where we operate.

We want to be an attractive workplace that provides equal opportunities to all employees by:

- Reflecting the diversity in the markets where we operate by ensuring that we recruit and retain the best employees from the widest possible talent base – regardless of gender, sexual orientation, age, race, religion, or disability.
- Looking individually at all employees and valuing each person's distinct skills, experience, and perspectives.
- Creating and maintaining a flexible and supportive working environment where everyone has an opportunity to participate in creating business success.

### **2. Focus**

At SimCorp, we recognize that diversity means understanding how people's differences and similarities can be mobilized for the benefit of the individual, the company and our clients.

We want to be an inclusive workplace and will act on our goal of balance by focusing on employee groups that are currently underrepresented in the company.

Today, SimCorp has underrepresentation of some groups in our workforce. To initiate our journey towards making this more equal, we have decided to put our initial focus on balancing gender representation.

The work on diversity at SimCorp will be ongoing, and even though we will focus our effort on gender diversity to begin with, it is our aim to ensure that SimCorp is an inclusive workplace for all employees.

### **3. Gender diversity – current proportions**

The right level of gender proportion must be based on local market conditions in terms of gender proportion in the industry, legal requirements, client representation, candidate pools, and other relevant factors.

When working with gender diversity at SimCorp, we want to focus on the Board of Directors as well as all managers who are part of the total management team at SimCorp.

#### **3.1. Board of Directors**

The gender proportion on the Board of Directors (AGM elected) is currently 20% women and 80% men.

#### **3.2. SimCorp Management**

In SimCorp's Group Management Committee, one out of eight members is a woman, i.e. the gender proportion is currently 12.5% women and 87.5% men.

The gender proportion at the other management levels is currently 28% women and 72% men.

### **4. Gender diversity – intentions**

Based on our current gender-proportion and market conditions we have decided to work with the following intentions for gender diversity in the Board of Directors and at other management levels.

#### **4.1. Board of Directors**

The target figure for the proportion of directors of the underrepresented gender elected by the general meeting to the Board of Directors under section 139a(1) of the Danish Companies Act (selskabsloven) shall be at least two shareholder-elected Board members. We aim to achieve the target figure in 2018.

The Board of Directors believes the target is ambitious while at the same time realistic.

The target will be realized through the recruitment of new Board members. In the most recent recruitment process, candidates of both genders were represented, and Mr. Adam Warby was assessed to be the strongest candidate in terms of matching the business challenges SimCorp is currently facing. Consequently, as of the Annual General Meeting 2017, it is still the case that one of the six directors elected by the general meeting is of the underrepresented gender, which means that SimCorp has not yet reached the target figure.

#### **4.2. Other management levels**

SimCorp intends to increase the proportion of women at other management levels so that it reflects comparable companies and general market conditions. It intends to create a broader basis for hiring and retaining talents in which both genders have equal opportunity.

SimCorp has decided to set the target figure for the proportion of women at other management levels to reflect the proportion of female employees in the SimCorp group.

### **5. Diversity Activity Plan**

SimCorp will assess progress in the gender diversity area once a year and will ensure actual progress by implementing a range of diversity activities specified in our annual Diversity Activity Plan.

The 2016 Diversity Activity Plan can be found here:

<http://www.simcorp.com/en/about/investor/corporate-governance>

### **6. Reporting**

According to section 99b(2) of the Danish Financial Statements Act, SimCorp has a duty to account for the Diversity Policy in our annual reporting.

All managers must therefore regularly and at least once a year inform the HR Business Partner/Manager of the initiatives taken in the preceding year to comply with the Diversity Policy, and of the outcome of those initiatives.

## **Appendix 6: Description of control and risk management in financial reporting process**

The primary responsibility for the Group's risk management and internal controls in relation to the financial reporting process rests with the Executive Management Board and the Board of Directors, including compliance with applicable legislation and other financial reporting regulations.

In the opinion of the Board of Directors and the Executive Management Board, their position on generally accepted risk management and internal controls is guiding for that of the Group and is therefore regularly emphasized.

The Group's risk management and internal controls in relation to the financial reporting process, including IT and tax, are designed to effectively manage the business and activities, rather than eliminate the risk of error and omissions in the financial reporting.

The Group's risk management and internal control systems in relation to the financial reporting process will provide reasonable, but not absolute, assurance that misappropriation of assets, losses and/or significant errors and omissions in the financial reporting are avoided.

The Board of Directors and the Executive Management Board currently assess significant risks and internal controls in relation to the Group's operations and their potential impact on the financial reporting process.

### **Control environment**

At least annually, the Board of Directors evaluates the Group's organizational structure and the staffing in key areas, including in areas related to the financial reporting process such as IT and tax.

The Board of Directors and the Executive Management Board are responsible for establishing and approving general policies, procedures and controls in key areas in relation to the financial reporting process. This requires a well-defined organizational structure, well-defined reporting lines, authorization and certification procedures and segregation of duties (the four-eye principle).

The Board of Directors has adopted policies and general procedures, etc. within significant areas of financial reporting, a risk policy governing interest rate and foreign exchange transactions, a tax policy, an IT risk policy and a whistleblowing policy.

The adopted policies, manuals and procedures are available on the Group's intranet and the importance of compliance with these is regularly emphasized. Compliance is currently monitored and tested by means of sample checks.

The Executive Management Board has established a controlling function for the purpose of controlling the financial reporting from subsidiaries and associates.

On an ongoing basis, the Executive Management Board monitors compliance with relevant legislation and other financial reporting regulations and provisions and reports its findings to the Board of Directors.

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**Risk assessment**

At least annually, the Board of Directors through the Audit Committee and the Executive Management Board make a general risk assessment of risks in relation to the financial reporting process.

On the basis of such risk assessment, the Board of Directors adopts a policy for the Group which includes a description of the significant risks in relation to the financial reporting process and measures taken to manage or eliminate and/or reduce the identified risks.

As part of the risk assessment, the Board of Directors through the Audit Committee and the Executive Management Board annually assess the risk of fraud and the measures to be taken to reduce and/or eliminate such risk. The Board of Directors also assesses any possibility of management override of controls and manipulation of the financial reporting.

Decisions and measures to reduce and/or eliminate risks are based on an assessment of materiality and cost/benefit analyses. The significant risks in relation to the financial reporting are described in the management report and in note 63 in Annual Report 2015, to which is referred.

**Control activities**

The control activities are based on the risk assessment. The Group's control activities are aimed at ensuring compliance with the objectives, policies, manuals, procedures, etc. adopted by Management and timely prevention, detection and correction of any errors, discrepancies, omissions, etc. Control activities comprise manual and physical controls as well as general IT controls and automated application controls in IT systems, etc.

Minimum requirements have been established for proper safeguarding of assets and for reconciliations and analyses of financial data, including ongoing assessment of performance and follow-up on objectives.

The Executive Management Board has established a formal group reporting process which comprises budget reporting and monthly reporting, including reporting on budget variances with monthly/quarterly adjustment of estimated full-year results. In addition to the income statement, balance sheet and cash flow statement, the reporting comprises notes and supplementary information.

Information for the purpose of compliance with any note or other disclosure requirements is obtained on an ongoing basis.

**Information and communication**

The Board of Directors has adopted an information and communication policy which, among other things, sets out the general financial reporting requirements and external financial reporting requirements in accordance with current legislation and applicable regulations.

One objective of the information and communication policy adopted by the Board of Directors is to ensure that applicable disclosure requirements are met and that disclosures are full, complete and accurate.

It is important to the Board of Directors that, as far as possible within the scope of the rules applicable to listed companies, there is open communication within the company and that all employees know their responsibilities in respect of the company's internal controls.



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The Group's significant risks and internal controls in relation to the financial reporting process, the Board of Directors' attitude to these and the measures taken in this respect are communicated internally within the Group on an ongoing basis.

It is important to the Board of Directors and the Executive Management Board that all employees are on a timely basis provided with relevant information to enable them to carry out their responsibilities.

Observing the confidentiality required for listed companies, the information systems are designed to identify, collect and communicate relevant information, reports, etc. on a current basis and on a relevant level to facilitate an effective, reliable workflow and the performance of the adopted controls. The objective is to ensure that the company is continually able to control the performance of activities and report reliably in order to effectively manage the company operationally, financially and in accordance with current legislation and regulations. The information system and the related manual and system routines are to facilitate the performance and documentation of controls in an effective and appropriate manner.

Moreover, the information is to facilitate timely, effective and reliable communication across the organization and, where relevant, with clients, suppliers, authorities, shareholders, investors, financial markets, the media, and others.

**Monitoring**

To ensure its effectiveness, any risk management and internal control system requires ongoing monitoring, testing and quality control.

Monitoring takes place by means of regular assessments and controls at all levels of the Group. The scope and frequency of such periodic assessments depend mainly on the risk assessments and on the effectiveness of the regular controls.

Any weaknesses, control failures, cases of non-compliance with adopted policies, frameworks, etc. or other significant deviations are reported upwards in the organization in accordance with the Group's policies and instructions. Any weaknesses, omissions and/or cases of non-compliance are reported to the Executive Management Board. Any significant matters are also reported to the Board of Directors.

The Board of Directors regularly receives reports from the Executive Management Board on compliance with the guidelines, etc. and information on any noted weaknesses, omissions and/or cases of non-compliance with adopted policies, business procedures or internal controls.

By way of the long-form audit report, the auditors appointed by the company in general meeting report to the Board of Directors on any significant weaknesses in the Group's internal control systems in relation to the financial reporting process. Any minor issues are reported to the Executive Management Board by way of management letters.

The Board of Directors monitors that the Executive Management Board responds effectively to any weaknesses and/or omissions and that agreed measures aimed at strengthening risk management and internal controls in relation to the financial reporting process are implemented according to plan.

The Executive Management Board is responsible for following up on any weaknesses found in subsidiaries and on issues described in management letters, etc.

**Appendix 7: Table for reporting regarding the recommendations  
from the Committee on Corporate Governance**

See next pages.

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#### Introduction/conclusion:

In the below table SimCorp has provided its view upon how SimCorp meets the May 2013 Recommendations made by the Danish Committee on Corporate Governance.

The reader should note that SimCorp's reasons for compliance/non-compliance are mainly text sections copied directly from SimCorp's Corporate Governance Guidelines. To the extent that the reasons for compliance/non-compliance cannot be derived directly from SimCorp's Corporate Governance Guidelines, the reasons are stated in *italics*.

#### Report regarding 1 January 2016-31 December 2016

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason:
<b>1. The role of the shareholders and their interaction with the management of the company</b>			
<i>1.1. Dialogue between the company and its shareholders</i>			
1.1.1. The Committee <b>recommends</b> that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' view, interests and opinions on the company.	X		<b>2.1. Shareholders</b> The company's management must maintain an ongoing dialogue with the company's shareholders. All shareholders must be given equal access to information and equal opportunities to express their views on e.g. the company's activities and its strategic and commercial development. The company must from time to time evaluate how the communication between the company and its shareholders can be improved. Article 21 of the articles of association allows SimCorp to apply increased means of electronic communication between SimCorp and its shareholders. The company's management is responsible for carrying on this dialogue at the company's general meetings and at other meetings with shareholders, such as those in connection with the publication of the company's interim financial reports. <b>9.1. Communication Policy</b>

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			<p>The Board of Directors shall ensure that SimCorp has an information and communication policy that ensures that the company's stakeholders receive relevant, timely, accurate and full information on the company's activities to the extent such disclosure would not be detrimental to the company's current or future competitive position.</p> <p>As part of the Company's communication policy, the Board of Directors shall ensure that an Investor Relations Policy is drafted to ensure that all material information of importance for the shareholders' and the equity market's evaluation of the company, its activities and business targets, strategies and results are published without undue delay. Publication shall take place in a reliable and adequate manner through channels that ensure equal access to such information for everybody. The Investor Relations Policy shall provide for the dialogue with the equity market being conducted on a professional basis in accordance with legislation and stock exchange codes of ethics, and so that it promotes the company's reputation as an open and trustworthy organization.</p> <p>A member of the Board of Directors may not without the permission of the chairman make any statement to the media or approach the public concerning the company's affairs. To ensure openness and transparency the Board of Directors shall lay down an information and communications policy for the company that establishes the exact guidelines for communication with the employees, shareholders and the public regarding the company's affairs.</p> <p><i>It is standard practice in SimCorp that all information is provided in English and a summary of the Annual Report is provided in the Danish language.</i></p>
1.1.2. The Committee <b>recommends</b> that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.	X		<p><b>2. SimCorp's relationship with its stakeholders</b></p> <p>A fundamental element of SimCorp's objective of long-term value creation is to secure a good, constructive, and durable relationship with all the company's stakeholders: shareholders, the equity market, clients, employees, suppliers, and the community. SimCorp's relationship with its stakeholders is based on the company's mission, corporate vision, and basic values as defined by the Board of Directors.</p> <p><b>2.2. The Equity Market</b></p> <p>The Board of Directors shall be responsible for preparing and making SimCorp's Investor Relations Policy available to the public cf. Section 9.1. SimCorp's Investor Relations Policy can be found at <a href="http://www.simcorp.com/Home/Investors/Share.aspx">http://www.simcorp.com/Home/Investors/Share.aspx</a>.</p>
1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports.	X		<p><i>SimCorp publishes quarterly reports.</i></p>

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<b>1.2. General Meeting</b>			
1.2.1. The Committee <b>recommends</b> that, when organizing the company's general meeting, the board of directors plans the meeting to support active ownership,	X		<p><b>3. The General Meeting</b>            SimCorp generally encourages its shareholders to use their influence as shareholders by</p> <ul style="list-style-type: none"> <li>• registering as shareholders in SimCorp's register of shareholders,</li> <li>• attending the annual general meeting by requesting admission card and ballot paper or</li> </ul> <p>submitting the proxy voting form either online via <a href="http://www.simcorp.com">www.simcorp.com</a> or by post or authorize the Board of Directors to vote on the shareholders' behalf.</p> <p><b>3. The general meeting</b>            The Board of Directors shall ensure that SimCorp regularly monitors and considers implementing best practice among Danish and foreign listed companies with regard to organizing and conducting general meetings of shareholders.</p>
1.2.2 The Committee <b>recommends</b> that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	X		<i>This is standard practice in SimCorp. Shareholders are provided proxies together with the notice of the general meeting which allows shareholders to consider each individual item on the agenda.</i>
<b>1.3. Takeover bids</b>			
1.3.1 The Committee <b>recommends</b> that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.	X		<p><b>4.1. The Overall Tasks and Responsibilities of the Board of Directors</b>            The Board of Directors must make an objective assessment of any third party bid to take over the company and ensure that the shareholders are given the opportunity to make an independent decision based on the Board's recommendation.            Furthermore, the Board of Directors must assess and, if appropriate, decide whether it is in the interests of SimCorp that the company should, on its own initiative, open negotiations for the transfer of parts of or all of the company to a third party.            The board of directors has adopted a takeover manual which is updated on an annual basis.</p>
<b>2. Tasks and responsibilities of the board of directors</b>			

2.1. The overall tasks and responsibilities		
<p>2.1.1 The Committee <b>recommends</b> that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.</p>	<p>X</p>	<p><b>4.1. The Overall Tasks and Responsibilities of the Board of Directors</b>                      The Board of Directors is responsible for the company's overall management and for the development of the long-term strategy of the company and for ensuring that the company remains organized in an adequate and sound manner with a view to inter alia ensuring the long-term value creation to the benefit of the company and its shareholders. The most important tasks of the Board of Directors are to</p> <ul style="list-style-type: none"> <li>• Ensure that the company's Executive Management Board operates the business in accordance with the instructions of the Board of Directors.</li> <li>• On a regular basis and at least once annually assess whether the company's capital structure and resources are appropriate and whether the company has sufficient liquidity to be able to reach its strategic goals and to fulfill its current and future obligations when falling due as well as to ensure the company's long-term value creation.</li> <li>• Through the Audit Committee ensure that the book-keeping and accounting process of SimCorp are carried out in a satisfactory manner</li> <li>• Ensure that the company has adopted adequate and effective internal control and risk management systems.</li> <li>• Review the Corporate Governance Guidelines (including the rules of procedure for the Board of Directors for SimCorp at least once a year.</li> </ul> <p><b>Appendix 1: Rules of Procedure of the Board of Directors, Board Meetings</b>                      Each year in December the following year's meeting calendar shall be scheduled.</p> <p>The Board of Directors shall meet when the chairman considers it necessary, and when it is requested by a member of the Board of Directors or by a member of the Executive Management Board.</p> <p>The chairman shall ensure that all members are summoned to the meetings. Notice of the board meetings, including the agenda, shall as far as possible be given with at least eight days' notice through letter, fax, e-mail, or another suitable means of communication, to all members of the Board.</p>

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<p>2.1.2 The Committee <b>recommends</b> that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.</p>	<p>X</p>		<p><b>4.1. The Overall Tasks and Responsibilities of the Board of Directors</b>                  The Board of Directors is responsible for the company’s overall management and for the development of the long-term strategy of the company and for ensuring that the company remains organized in an adequate and sound manner. The most important tasks of the Board of Directors are to</p> <ul style="list-style-type: none"> <li>• Once a year review SimCorp’s mission, corporate vision, and basic values.</li> <li>• Define the company’s overall objectives, targets, and strategies. Once a year the Board shall follow up on and decide on new overall objectives, targets, and strategies for the future development of the company.</li> </ul>
<p>2.1.3 The Committee <b>recommends</b> that the board of directors ensure that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company’s the annual report and/or on the company’s website.</p>	<p>X</p>		<p><b>4.1. The Overall Tasks and Responsibilities of the Board of Directors</b>                  The Board of Directors is responsible for the company’s overall management and for the development of the long-term strategy of the company and for ensuring that the company remains organized in an adequate and sound manner with a view to inter alia ensuring the long-term value creation to the benefit of the company and its shareholders. The most important tasks of the Board of Directors are to</p> <ul style="list-style-type: none"> <li>• On a regular basis and at least once annually assess whether the company’s capital structure and resources are appropriate and whether the company has sufficient liquidity to be able to reach its strategic goals and to fulfil its current and future obligations when falling due, as well as ensure the company’s long-term value creation.</li> </ul>
<p>2.1.4 The Committee <b>recommends</b> that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.</p>	<p>X</p>		<p><b>5.2. Tasks and responsibilities of the Executive Management Board</b>                  A description of the Executive Management Board’s tasks and responsibilities shall be made. The description shall among other things lay down procedures for the Executive Management Board’s reporting to the Board of Directors, for the communication between the two boards, and for the evaluation of the Executive Management Board’s work. The Board of Directors must ensure that it regularly receives such information on the company’s activities as the Board of Directors requires. The Executive Management Board shall, however, ensure that material information is submitted to the Board of Directors, whether or not the Board of Directors has requested such information.</p> <p><b>8.1. Risk Management Procedures</b>                  The Board of Directors must ensure that reasonable procedures for an effective reporting to the Board of Directors of the company’s risk exposure are established. This reporting must be in line with the decided risk policy.</p>

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<p>2.1.5 The Committee <b>recommends</b> that at least once a year the board of directors discuss the composition of the executive board, as well as development, risks and succession plans.</p>	<p>X</p>		<p><b>Appendix 1: Rules of Procedure of the Board of Directors, Duties of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>At least once a year discuss the composition, as well as development, risks and succession plans.</li> </ul>
<p>2.1.6 The Committee <b>recommends</b> that once a year the board of directors discuss the company's activities to ensure diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.</p>	<p>X</p>		<p><b>2.8 Diversity</b></p> <p>SimCorp's objective is that the Board of Directors and the Executive Management Board represent different nationalities, educational backgrounds and gender.</p> <p>The Board of Directors will once a year as part of the organizational review assess SimCorp's specific goals for diversity at management levels in the organization and the follow-up by SimCorp on such goals. Appendix 5 describes SimCorp's diversity policy.</p>
<p><i>2.2 Corporate Social Responsibility</i></p>			
<p>2.2.1. The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.</p>	<p>X</p>		<p><b>2.7. Corporate Social Responsibility</b></p> <p>Corporate Social Responsibility (CSR) in SimCorp is firmly based on the Group's core values and these Corporate Governance Guidelines as adopted by the Board of Directors. Our commitment to sustainable development of SimCorp is based on combining financial performance with socially responsible behavior and environmental awareness. Overall, SimCorp aims at maintaining and enhancing our professional relations with internal and external stakeholders based on mutual respect. We abide by the law in all our doings, locally as well as internationally, and in the conduct of business we will maintain a high ethical standard and always perform our activities with integrity and responsibility. SimCorp is greatly committed to proper and diligent conduct in respect of the services and products we provide to our clients, and we commit ourselves to long-term and mutually value adding relationships with all our clients with respect for each individual client's business and social environment. We expect all our existing and potential clients to share our standards for sound and responsible behavior and trust them to operate in a legal and ethical manner.</p> <p>We respect the individuality and diversity of all our employees and offer each equal opportunity for learning and growing in accordance with their individual needs and capabilities as well as the company's situation. Our communication policy ensures all our shareholders equal, adequate and timely access to information on our business.</p>



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			<p>We pursue an open dialogue with all investors and analysts about the company's activities and financial performance. We aim to reduce our environmental impact and act with sustained reliability and respect for our surroundings.</p> <p>The full wording of SimCorp's Corporate Social Responsibility principles is found in the document "Corporate Social Responsibility in SimCorp" published on the company's website under <a href="http://www.simcorp.com/Home/Investors/Corporategovernance.aspx">http://www.simcorp.com/Home/Investors/Corporategovernance.aspx</a>.</p>
<p><b>2.3 Chairman and vice-chairman of the board of directors</b></p>			
<p>2.3.1 The Committee <b>recommends</b> appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.</p>	X		<p><i>According to clause 15 of the Articles of Association the Deputy Chairman is elected directly at the General Meeting.</i></p> <p><b>Appendix: Rules of Procedures for the Board of Directors, Tasks and Responsibilities of the Chairman and the Deputy Chairman</b></p> <p>In the chairman's absence, the deputy chairman shall act in the place of the chairman.</p> <p><b>Appendix: Rules of Procedures for the Board of Directors, Tasks and Responsibilities of the Chairman and the Deputy Chairman</b></p> <p>The chairman is responsible for ensuring that the Board of Directors functions satisfactorily, complies with the Corporate Governance Guidelines for SimCorp, and generally performs its tasks and duties in the best possible manner. In this connection the chairman shall ensure that the company through the Board's work derives maximum benefit from any special knowledge and competencies held by individual board members.</p> <p>The chairman shall seek to ensure that business transacted by the Board is considered by all board members, and that all material resolutions are passed in the presence of all board members.</p> <p>The chairman shall be in charge of the Board of Directors' dialogue with the company's Executive Management Board, generally by direct contact to the CEO. Furthermore, any member of the Board of Directors may request the chairman to approach a member of the Executive Management Board with a view to elucidating facts or discussing the development of the company's business. The result and conclusion of such approaches shall be reported at the following board meeting unless otherwise dictated by the nature of the discussions.</p>
<p>2.3.2 The Committee <b>recommends</b> ensuring that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect</p>	x		<p><b>Appendix: Rules of Procedures for the Board of Directors, Tasks and Responsibilities of the Chairman and the Deputy Chairman</b></p> <p>Neither the chairman nor the deputy chairman may carry out for the company such assignments which are not usually part of his function, apart from such specific assignments as he is requested to accept by and on behalf of the Board of Directors.</p>

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<p>should be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.</p>			
<p><b>3. Composition and organization of the board of directors</b></p>			
<p><i>3.1 Composition</i></p>			
<p>3.1.1. The Committee <b>recommends</b> that the board of directors annually accounts for</p> <ul style="list-style-type: none"> <li>• the skills it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special skills of each member.</li> </ul>	x		<p><b>4.4. The Qualifications of the Board of Directors</b>                      The competences, experience and knowledge to be possessed by the Board of Directors between them to best perform their tasks are set out in Appendix 2 to these Corporate Governance Guidelines.  <i>SimCorp's annual report contains information on the composition of the Board of Directors, including its diversity, and of any special skills possessed by the individual members.</i></p>
<p>3.1.2 The Committee <b>recommends</b> that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>	x		<p><b>4.2. The Composition of the Board of Directors</b>                      At each general meeting the retiring board shall nominate candidates for the vacant offices on the Board so as to ensure that the shareholders are able to elect a continuing board that can act independently of the Executive Management Board and of special interests, and that represent a balance between continuity and innovation.</p>

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<p>3.1.3 The Committee <b>recommends</b> that a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees in foreign enterprises, be accompanied by the general meeting when election of members to the board of directors is on the agenda</li> <li>• demanding organizational tasks, and information</li> <li>• about whether candidates to the board of directors are considered independent.</li> </ul>	x		<p><b>4.2. The Composition of the Board of Directors</b>  The notice of the general meeting shall include a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organizational tasks. In addition, it will be stated if the individual candidate is considered independent.</p>
<p>3.1.4 The Committee <b>recommends</b> that the company's articles of association stipulate a retirement age for members of the board of directors.</p>	X		<p><i>The retirement age is 70 cf. article 17 of the Articles of Association of the Company.</i></p>
<p>3.1.5 The Committee <b>recommends</b> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	x		<p><i>Cf. article 17 of the company's articles of association pursuant to which the Company shall be managed by a Board of Directors consisting of from three to six members including a chairman and a vice chairman elected by the shareholders at the General Meeting for terms of one year.</i></p>
<p><b>3.2 Independence of the board of directors</b></p>			
<p>3.2.1 The Committee <b>recommends</b> that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board</p>	x		<p><b>4.2. The Composition of the Board of Directors</b>  The Board of Directors shall ensure that the nominees meet the following criteria:  The nominees must not:</p> <ul style="list-style-type: none"> <li>• be professional consultants to SimCorp or be employed by or have a financial interest in any company that acts as professional consultants to SimCorp;</li> </ul>

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<p>of directors to be able to act independently of special interests.</p> <p>To be considered independent the person may not:</p> <ul style="list-style-type: none"><li>• be or have been within the last five years a member of the executive board or senior staff member in the company, a subsidiary undertaking or an associate,</li><li>• within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors,</li><li>• represent the interests of a controlling shareholder,</li><li>• within the past year, have had significant business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, clients, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate,</li><li>• be or within the past three years have been employed or partner of the external auditor,</li><li>• have been chief executive officer in a company holding cross-memberships with the company,</li><li>• have been member of the board of directors for more than 12 years, or</li><li>• have been close relatives who are not regarded as independent.</li></ul>			<ul style="list-style-type: none"><li>• have a material strategic interest in the company other than that of a shareholder;</li><li>• be members of SimCorp's Executive Management Board or have been within the last five years, a member of the Executive Management Board or managerial staff of SimCorp or an associated company;</li><li>• be, or have been within the last three years, an employee or partner of SimCorp's external audit firm;</li><li>• hold cross-memberships of governing bodies;</li><li>• have been a member of the Board of Directors for more than 12 years; or</li><li>• have close family ties with persons that are not regarded as independent persons in SimCorp.</li></ul>
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<i>3.3 Members of the board of directors and the number of other executive functions</i>			
3.3.1 The Committee <b>recommends</b> that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.	x		<i>Each member of the Board of Directors confirms upon his/her signature to the annual report that such member has done this assessment and that it is able to meet the time commitment given its other executive functions.</i>
3.3.2 The Committee <b>recommends</b> that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors: <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the relevant person,</li> <li>• whether the member is considered independent,</li> <li>• the date of appointment to the board of directors of the member,</li> <li>• expiry of the current election period,</li> <li>• other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, foreign enterprises, and</li> <li>• the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the</li> </ul>	x		<b>Please see 3.1.3.</b> <i>The management commentary contains information about when the individual member joined the Board of Directors, whether the member was re-elected and when the current election period expires. In addition the management commentary includes information about the member's position, age and gender, other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, foreign enterprises, and the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.</i>

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<p>portfolio of the member of the securities mentioned which have occurred during the financial year.</p>			
<p><b>3.4 Board committees</b></p>			
<p>3.4.1 The Committee <b>recommends</b> that the company publish the on the company's website:</p> <ul style="list-style-type: none"> <li>• the terms of reference for the board committees,</li> <li>• the most important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.</li> </ul>	<p>X</p>		<p><b>4.3. Use of board committees</b>                  The Board of Directors may set up a permanent, separate committee as well as committees for special purposes. SimCorp shall ensure transparency about any board committees by disclosing information on:</p> <ul style="list-style-type: none"> <li>• the terms of reference for the board committees,</li> <li>• important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.</li> </ul> <p><i>Besides the Audit Committee and the Nomination Committee which will be set up following the AGM 2017, SimCorp does not have any separate, permanent board committees.</i></p>
<p>3.4.2 The Committee <b>recommends</b> that a majority of the members of a board committee be independent.</p>	<p>X</p>		<p><b>Appendix 2: Terms of Reference for the Audit Committee</b>                  5.1. Chairman                  The Board appoints the Chairman of the committee who cannot simultaneously act as chairman of the Board of Directors.                  The Chairman must be an independent, Non-Executive Director with such recent and relevant financial experience that allows the Chairman to fulfil the requirement in section 31 of the Danish Act on Statutory Auditors and Accounting Firms of possessing special competences within accounting or auditing and with relevant experience for a listed company.  <i>The Audit Committee consists of between 2 (two) and 5 (five) ordinary member of the Board of Directors. Currently 5 out of 8 members (all members of SimCorp's Board of Directors elected by the general meeting) are considered independent members.</i></p>
<p>3.4.3 The Committee <b>recommends</b> that the board of directors set up a formal <u>audit committee</u> composed such that</p>	<p>X</p>		<p><b>Appendix 2: Terms of Reference for the Audit Committee</b></p>

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<ul style="list-style-type: none"> <li>the chairman of the board of directors is not chairman of the audit committee, and</li> <li>between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regular market.</li> </ul>			<p><b>5.1 Chairman</b></p> <p>The Board appoints the Chairman of the committee who cannot simultaneously act as chairman of the Board of Directors.</p> <p>The Chairman must be an independent, Non-Executive Director with such recent and relevant financial experience that allows the Chairman to fulfil the requirement in section 31 of the Danish Act on Statutory Auditors and Accounting Firms of possessing special competences within accounting or auditing and with relevant experience for a listed company.</p> <p>The appointment is for a period of one year. Re-appointment may take place. Should the Chairman be unable to attend a Committee meeting, the Chairman will delegate his responsibility to a nominated Chairman for that session.</p>
<p>3.4.4 The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about:</p> <ul style="list-style-type: none"> <li>significant accounting policies</li> <li>significant accounting estimates,</li> <li>related party transactions, and</li> <li>uncertainties and risks, including in relation to the outlook.</li> </ul>	X		<p><b>Appendix 2: Terms of Reference for the Audit Committee</b></p> <p><b>4.1 Financial Reporting</b></p> <p>The Committee will monitor the Executive Management Board's recommendations in respect of financial reporting, and recommend to the Board:</p> <ul style="list-style-type: none"> <li>SimCorp's quarterly and annual reports and accounts;</li> <li>Any significant changes in SimCorp's accounting policies and practices; and</li> <li>Changes in any significant treasury arrangements and their impact on SimCorp.</li> </ul> <p><b>4.2 Financial Control Environment / Financial Risk (including market, credit and liquidity risk)</b></p> <p>The Committee will:</p> <ul style="list-style-type: none"> <li>Monitor the Executive Management Board's maintenance of an effective system of internal financial control, including notifying the Board of financial control deficiencies or other issues;</li> </ul>

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			<ul style="list-style-type: none"> <li>• Monitor and advise the Board on the management of key financial risks, including reviewing reports for material breaches of risk tolerances and material audit findings, and the adequacy of proposed actions;</li> <li>• Monitor scenarios and stress tests to assess the adequacy of capital and liquidity;</li> <li>• Monitor the financial controls in place to ensure investments are being managed in line with the authority principles and that all investments are analyzed and treated in an appropriate manner;</li> <li>• Monitor the level of exposure to credit risk.</li> </ul> <p><b>4.5 Other matters</b></p> <p>The Committee will:</p> <ul style="list-style-type: none"> <li>• Monitor related party transactions</li> </ul>
<p>3.4.5 The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>• annually assesses the need for an internal audit function, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	X		<p><b>Appendix 2: Terms of Reference for the Audit Committee</b></p> <p><b>4.3 Internal Audit</b></p> <p>The Committee will:</p> <ul style="list-style-type: none"> <li>• Assess the need for establishing a separate Internal Audit function for SimCorp to ensure audit activities support the risk profile of SimCorp Group and provide recommendations to the Board should additional audit function be required.</li> </ul>
<p>3.4.6 The Committee <b>recommends</b> that the board of directors establish a <u>Nomination Committee</u> chaired by the chairman of the board of directors with at least the following preparatory tasks:</p>	X		<p><i>With effect from the AGM 2017, the Board of Directors has decided to establish a nomination committee with the tasks of identifying new candidates for the Board of Directors and the Executive Management Board Upon presentation by the Nomination Committee to the Board of Directors discusses and decides whether a candidate is suitable for the position in question. The Nomination Committee will prepare its rules of procedure and submit this for approval by the Board of Directors,</i></p>



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<ul style="list-style-type: none"> <li>describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the expected spent on having to carry out the membership, as well as asses the competences, knowledge and experience of the two governing bodies combined,</li> <li>annually asses the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors,</li> <li>annually asses the competences, skills, knowledge and experience of the individual members of the management, and report to the board of directors in this respect,</li> <li>consider proposals submitted by relevant persons, including shareholders and members of the board of directors and executive board for candidates for the board of directors and the executive board, and</li> <li>propose an action to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>			
<p>3.4.7 The Committee <b>recommends</b> that the board of directors establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>to recommend the remuneration policy (including general guidelines</li> </ul>		x	<p><i>SimCorp has decided not to follow Recommendation 5.10.8 regarding the establishment of a remuneration committee. SimCorp explains its decision as follows:</i></p> <p><i>In 2015 SimCorp's annual general meeting adopted a remuneration policy which provides a comprehensive and relatively clear description of how SimCorp remunerates its Board of Directors, the Executive Management Board and other employees of SimCorp.</i></p>

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<p>for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,</p> <ul style="list-style-type: none"> <li>• make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</li> <li>• recommend a remuneration policy applicable for the company in general.</li> </ul>			<p><i>In the view of SimCorp's Board of Directors the actual implementation of the remuneration policy is reasonably simple and as such does not justify that a separate committee is established. The chairmanship is responsible for the practical implementation of the remuneration policy in respect of the Executive Management Board and for reporting to the Annual General Meeting in respect hereof.</i></p> <p><i>The Board of Directors has asked the company's auditors to verify whether, in respect of incentive remuneration of the Executive Management Board, the calculation of and the basis for such calculation is correct, true and sufficient.</i></p>
<p>3.4.8 The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	x		<p><i>SimCorp currently does not use external advisors to implement its remuneration policy, as the remuneration policy adopted by the Annual General Meeting is quite precise and leaves little room for interpretation or flexibility.</i></p>
<p><i>3.5 Evaluation of the performance of the board of directors and the executive board</i></p>			
<p>3.5.1 The Committee <b>recommends</b> that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration</p>	x		<p><b>Please refer to 5.2.2.</b></p> <p><b>4.6. Self-assessment</b></p> <p>The chairman is responsible for carrying out the assessment provided, however, that the deputy chairman shall be responsible for carrying out the assessment of the chairman, and the results shall be discussed by the entire Board of Directors and the Executive Management Board.</p>

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with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.			<p><b>4.7. External Reporting and the Board's Work</b></p> <p>In its annual report or at the company's website, SimCorp shall disclose information on the Board's work during the past year. Such disclosure shall include, inter alia:</p> <p>The procedure used by the Board of Directors for its self-assessment and the outcome hereof.</p>
3.5.3 The Committee <b>recommends</b> that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with pre-defined clear criteria.	x		<p><b>5.4. Evaluation</b></p> <p>The Board of Directors shall set up a procedure for an annual evaluation of the work and results of the Executive Management Board in accordance with specific criteria defined in advance. The procedure shall also comprise an assessment of the individual Executive Management Board members.</p>
3.5.4 The Committee <b>recommends</b> that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalized dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.	x		<p><b>4.6. Self-assessment</b></p> <p>As an integrated part of the above assessment the Board of Directors and the Executive Management Board shall once a year make a joint assessment of the co-operation between the two boards. The results of the assessment shall be discussed at a board meeting. The chairman is responsible for carrying out the assessment provided, however, that the deputy chairman shall be responsible for carrying out the assessment of the chairman, and the results shall be discussed by the entire Board of Directors and the Executive Management Board.</p>
<b>4. Remuneration of management</b>			
<i>4.1. Form and content of the remuneration policy</i>			
4.1.1. The Committee <b>recommends</b> that the board of directors prepare a clean and transparent remuneration policy for the board of directors and the executive board, including <ul style="list-style-type: none"> <li>a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> </ul>	x		<p><b>6.1. General Principles</b></p> <p>The total compensation paid to members of the Board of Directors, the Executive Management Board and the employees of SimCorp shall be reasonable relative to the tasks to be performed and the responsibility involved in performing such tasks.</p> <p>Incentive pay based on the performance of SimCorp's business may be used as part of the compensation to the extent it is believed to enhance the joint interests of the shareholders and the management and contribute to management focusing on adding to the value creation in the company.</p>

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<ul style="list-style-type: none"> <li>the reasons for choosing the individual components of the remuneration, and</li> <li>a description of the criteria on which the balance between the individual components of the remuneration is based.</li> </ul> <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>			<p>The Board of Directors shall define principles and guidelines for remuneration and incentive schemes for the Board of Directors, the Executive Management Board and the employees of SimCorp. These principles and guidelines shall ensure that the total compensation paid is competitive and reasonable and reflects the independent efforts and value creation for the company of each member of the Executive Management Board and the Board of Directors and the employees of SimCorp. The guidelines for incentive remuneration for the Board of Directors, the Executive Management Board and the employees of SimCorp are subject to approval by the shareholders at the general meeting.</p> <p>Incentive schemes in which both the Executive Management Board and the Board of Directors can participate must to the widest possible extent be designed to avoid a timely coincidence of interests between the two boards.</p> <p>The Policy for Remuneration of Board of Directors, Executive Management and Employees of SimCorp shall be disclosed in SimCorp's annual report and on the company website of SimCorp. The annual report shall also highlight whether the remuneration policies have been changed in the course of the financial year.</p> <p><b>Please refer to 6.1.1. and Policy for Remuneration of Board of Directors, Executive Management and Employees, available at <a href="http://www.simcorp.com/Home/Investors.aspx">http://www.simcorp.com/Home/Investors.aspx</a></b></p>
<p>4.1.2 The Committee <b>recommends</b> that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>limits be set on the variable components of the total remuneration package,</li> <li>a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term,</li> <li>there be clarity about performance criteria and measurability for award of variable components,</li> <li>there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and</li> </ul>	x		<p><b>Please refer to 6.1.1. and Policy for Remuneration of Board of Directors, Executive Management and Employees, available at <a href="http://www.simcorp.com/Home/Investors.aspx">http://www.simcorp.com/Home/Investors.aspx</a></b></p> <p><i>SimCorp has included provisions in its agreements in order for SimCorp to comply with this recommendation.</i></p>

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<ul style="list-style-type: none"> <li>an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.</li> </ul>			
<p>4.1.3 The Committee <b>recommends</b> that remuneration of the board of directors do not include share options.</p>	x		<p>See Policy for Remuneration of Board of Directors, Executive Management and Employees, available at <a href="http://www.simcorp.com/Home/Investors.aspx">http://www.simcorp.com/Home/Investors.aspx</a></p> <p>One third of the total remuneration to the Board of Directors is converted into a number of SimCorp shares by applying an average share price. The applied average share price for SimCorp shares is defined as the average share price in the 3-day-period following the release of the annual report. The calculated numbers of shares are transferred to the Board members' custody accounts with 25% of the number of shares per quarter. The cash compensation is also paid on a quarterly basis.</p>
<p>4.1.4 The Committee <b>recommends</b> that if share-based remuneration is provided, such programs be established as roll-over programs, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.</p>		X	<p>See Policy for Remuneration of Board of Directors, Executive Management and Employees, available at <a href="http://www.simcorp.com/Home/Investors.aspx">http://www.simcorp.com/Home/Investors.aspx</a></p> <p><i>SimCorp offers all its employees to waive their right to received corporate bonus and in lieu hereof to receive Restricted Stock Units "Type A". The close link between these RSU type A and the corporate bonus scheme increases the value of the corporate bonus scheme as well as the employees' attention to the share price. Employees can participate in the RSU Type A program with a maximum of 10% of their base salary.</i></p> <p><i>In order to facilitate that as many employees as possible participate in the RSU Type A program the company has decided that the RSU Type A vests 1/3 each year during the 3 years' period following grant of the RSUs.</i></p>
<p>4.1.5 The Committee <b>recommends</b> that agreement on termination payments should not amount to more than two years' annual remuneration.</p>	X		<p><i>Termination on the part of the company of the services agreements of the Executive Management Board triggers a severance pay of 6–9 months' salary subject to the term of employment.</i></p>
<p><b>4.2. Disclosure of the remuneration policy</b></p>			
<p>4.2.1 The Committee <b>recommends</b> that the company's remuneration policy and</p>	x		<p><i>It is standard procedure in SimCorp that the chairman explains and justifies the remuneration policy and compliance herewith at the annual general meeting.</i></p>

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compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.			
4.2.2 The Committee <b>recommends</b> that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	X		<i>This has been standard practice in SimCorp for several years (since 2004).</i>
4.2.3 The Committee <b>recommends</b> that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.	x		<p><i>SimCorp's annual report discloses remuneration to the Board of Directors and to the Executive Management Board in accordance herewith.</i></p> <p><i>SimCorp does not have any defined-benefit schemes in favor of members of the Board of Directors or the Executive Management Board.</i></p> <p><i>SimCorp's annual report contains information hereon.</i></p>
<b>5. Financial reporting, risk management and audits</b>			
<i>5.1 Identification of risks and transparency about other relevant information</i>			
5.1.1 The Committee <b>recommends</b> that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	X		<p><i>The Board of Directors will on an annual basis and prior to approving the annual report consider whether the annual report should be supplemented by additional financial and non-financial information.</i></p> <p><b>8.1. Risk Management Procedures</b>  The Board of Directors is responsible for ensuring that SimCorp has appropriate and adequate procedures in place to monitor, measure and manage the company's risks, and that such procedures are firmly embedded throughout the company's organization. The Board of Directors shall once a year assess the company's risk exposure, and review systems and procedures for risk monitoring and reporting, and the company's insurance coverage. This assessment shall ensure that the company inter alia:</p>

			<ul style="list-style-type: none"> <li>• Develops and maintains an understanding throughout the organization of the company's strategic and operational goals, and identifies critical success factors for achieving such goals.</li> <li>• Analyses the risk and consequences of the company's failure to achieve the strategic and operational goals.</li> <li>• Analyses the company's most important business activities with a view to identifying related risks.</li> </ul> <p>In connection with the risk assessment, the Board of Directors shall define the company's willingness to accept risk and evaluate the company's risk management, including insurance, currency, and investment policies. The risk management policy shall define the company's risks and specify methods to monitor, eliminate, control, or hedge risk. Finally, the risk management policy shall define the extent to which the company's independent auditors should contribute to assessing the company's material risks and risk management measures.</p> <p><b>8.1. Risk Management Procedures</b> In the management commentary SimCorp shall disclose information about significant activities related to the company's risk management.</p>
<p><b>7.2. Whistleblower scheme</b></p>			
<p>7.2.1 The Committee <b>recommends</b> that the board of directors decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.</p>	<p><b>x</b></p>		<p><b>8.2. Whistleblower Policy</b> SimCorp has established a whistleblower system as a means of increasing focus on transparency. The whistleblower system allows employees, management, members of the Board of Directors of SimCorp and other stakeholders of SimCorp (such as supplier representatives, clients or SimCorp shareholders) who believe they have become aware of actions or omissions that could damage SimCorp whether financially, reputationally or in some other way to pass on this information to a whistleblower e-mail account on <a href="mailto:simon.jeffreys@aon.co.uk">simon.jeffreys@aon.co.uk</a>.</p> <p>The Board of Directors will appoint a representative of SimCorp to act as gatekeeper in respect of the whistleblower account. The Board of Directors is responsible for appointing a representative who possesses the professional qualifications and integrity in order to provide for a credible and independent administration of the whistleblower policy.</p> <p>Any information received via the whistleblower system and which by the gatekeeper is not considered clearly un-founded may be passed on to the CEO and the Chairman of the Board of Directors who will then consider the appropriate measures. Reports and questions that are received via the whistleblower system are treated confidentially.</p>

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			In order to (i) prevent passing on of information that is clearly unfounded; and (ii) to make sure that the receiver of the information is not personally involved in the matter in question, the Board of Directors shall instruct the gatekeeper to apply a criterion of materiality when determining which information is passed on, while at same time taking into account whom the information is intended for.
<b>5.3. Contact to auditor</b>			
5.3.1 The Committee <b>recommends</b> that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once every a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.	x		<p><i>The auditors of SimCorp participate annually in 1 Board meeting of SimCorp. Further, the auditors participate in all meetings of the Audit Committee. In respect of all board and Audit Committee meetings, the auditors receive written material which is distributed prior to the Board meetings and minutes from the Board meetings.</i></p> <p><i>The Board of Directors and the Audit Committee meet with the auditors without SimCorp's Executive Management Board at one Board meeting annually.</i></p>
5.3.2 The Committee <b>recommends</b> that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.	x		<p><i>The Board of Directors has agreed that the Audit Committee suggests to the Board of Directors the auditor's agreement together with the auditors' fee for the upcoming financial year. The Board of Directors, agree with the auditors hereon at the meeting at which the audit plan is presented to the Board of Directors.</i></p>