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

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### **Introduction**

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

SimCorp's General Meeting 2015 adopted an overall policy for the remuneration and incentive programmes in SimCorp, the overall objective being to promote the employees' and management's awareness of profitable growth and SimCorp's long-term goals.

For the purposes of these 2016 guidelines, SimCorp's Board of Directors (Board) proposes that in order to increase the retention effect for the SimCorp Executive Management Board, members hereof shall be entitled to convert their full cash bonus received under the short term incentive programme into restricted stock units with a 67% discount. Further, the Board has made an attempt to simplify the remuneration guidelines.

The adjusted guidelines for remuneration take effect when the shareholders have approved these at the Annual General Meeting in April 2016.

### **Remuneration of the Board and committees**

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

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

However, the below multipliers are used for the following positions within the Board and the Audit Committee. The below remuneration was adopted by the Annual General Meeting in 2014 and 2015 and the Board proposes unchanged remuneration also in 2016:

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

### Conversion into SimCorp Shares

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

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

### Expenses and ad-hoc assignments

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

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

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

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

### Remuneration of the Executive Management Board

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

The aggregate remuneration of the Executive Management Board consists of a base salary and participation in the short-term cash incentive programme (STIP) and the long-term incentive programme (LTIP). The aggregated remuneration is evaluated against remuneration for Danish and

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international companies similar in size and with comparable business activities. The target salary constitutes the remuneration if all the predefined short-term incentive related targets are fully met.

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

	In percentage of base salary
Base salary (cash and pension contribution)	100
Other benefits (at a maximum of)	10
STIP (at a maximum of)	45
LTIP (at a maximum of)	55
Sub total	210
Option to convert STIP to participate in the RSU programme	90
Total	300

The remuneration structure of the Executive Management Board consists of a base salary, which incorporates all pension contributions; other benefits such as company car, phone, etc. of which the annual cost for the company will be maximum 10% of the base salary; a STIP cash at a maximum of 45% of the base salary and a LTIP at a maximum of 55% of the base salary.

### **STIP**

The Executive Management Board participates in the STIP with an annual cash bonus scheme of which the target value is up to 36% of the base salary. Typically the 36% cash bonus is split as follows: 30% is split on the following measures: profitability (EBIT margin), business growth and other strategic objectives of SimCorp as defined in the company's Balanced Scorecard; and the remaining 6% is allocated for other specific targets that vary from year to year. As part of the approval of the STIP the Board decides every year the target values for each measure for the coming year. The Board sets challenging short-term incentive targets. If the target values for the measures are exceeded (above 100% achievement of targets) the Board may decide to apply an incentive for "over-performance", in that case the actual result of the short term incentive programme for the Executive Management Board may exceed the target value of 36% of the base salary, however, the STIP incentive compensation cannot exceed 45% of the base salary.

### **Option to convert STIP to participate in the RSU programme**

In order to ensure a higher degree of retention effect with respect to the Executive Management Board, the Board has decided that each Executive Management Board member may decide to convert his or her participation in the STIP into the RSU programme with a 67% discount. The STIP cash bonus is converted into a number of RSUs by applying the average share price of the SimCorp shares in the 3-day-period following the release of the annual report for the financial year where the STIP cash bonus has been earned, less the 67% discount. These RSUs will vest over a three year period with 1/3 of the shares being release after each year, subject to the Executive Management Board member's continued service with SimCorp.

## **LTIP**

The incentive to long-term value creation is based on participation in the granting of restricted stock units (RSUs). The members of the Executive Management Board are granted RSUs with an aggregate value at the time of grant of up to 55% of the base salary determined at the time of grant. The number of RSUs granted under the LTIP is calculated by applying the average share price of the SimCorp shares in the 3-day-period following the publication of the annual report for the previous financial year (i.e. the annual report for the financial year previous to the financial year during which the RSUs have been earned). The RSUs granted under the LTIP are subject to the Executive Management Board member being employed with SimCorp at the vesting date and that the SimCorp Group at the vesting date has met certain defined performance targets. If such targets are only met partially, the number of shares acquired will be reduced or may lapse completely.

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

## **Other schemes**

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

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

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

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

## **Incentive remuneration of employees**

### **Overall principles**

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

- The policy is based on local conditions in the markets where SimCorp operates
- Remuneration principles and structure apply equally to all employees irrespective of their geographic location, but the actual remuneration depends on local market conditions and may therefore vary

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- To ensure transparency in performance-related pay, only a few milestones are used, primarily growth and the profitable development of SimCorp's business.
- Senior management will have a higher proportion of incentive related pay relative to overall salary
- A portion of the total remuneration received by all employees is linked to the profitable growth of SimCorp's business
- To enhance the focus of all staff in SimCorp on the long-term interests of the shareholders share-based incentive plans are based on business performance or improved share price performance.
- Share based incentive plans are based on RSUs.
- Up to 2% of the outstanding shares can be used for the RSU programmes every year.