

# CORPORATE GOVERNANCE GUIDELINES

Statutory statement corporate governance statement, confer The Danish Financial Statements Act § 107 b for the financial year 2019.

This document - Corporate Governance Guidelines for SimCorp - is an integrated part of the management report in the SimCorp Annual Report 2019.

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# CORPORATE GOVERNANCE GUIDELINES

## EXECUTIVE SUMMARY

*SimCorp's Board of Directors has reviewed each of the current Danish recommendations on corporate governance issued by Nasdaq Copenhagen and has concluded that, with one exception, SimCorp is in full compliance with the recommendations. The Board has decided on specific measures to make SimCorp fully compliant in the future.*

For three existing executive services agreements, the total severance pay during the notice period exceeds the recommended two years' remuneration in the event of change of ownership. In future agreements, SimCorp will ensure the total remuneration does not exceed the recommended threshold.

## 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 work of its committees
- The relationship between the Board of Directors, the Audit Committee, the Nomination and Remuneration 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 Market Abuse Regulation and the Rules and Regulations issued by Nasdaq Copenhagen. 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 Copenhagen'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 com-

pany'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 proactive 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.

At SimCorp, we strive to create a diverse and inclusive workplace that welcomes people of all views and backgrounds, and offers equal opportunities regardless of race, gender, religion, national origin, physical ability, marital status, or sexual orientation. We believe that we are stronger when we reflect the diversity in the world around us, making us more dynamic, more

innovative and more successful in the market place. Consequently, SimCorp has adopted a Diversity and Inclusion Policy, which is published on the company's website.

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 Statement and ESG Report" 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. SimCorp's Diversity and Inclusion Policy is published on the company's website.

### 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 Business Authority 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.
- 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.
- With the assistance of the Nomination and Remuneration Committee, 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 Copenhagen 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. Section 4.2.1 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.

#### **4.2.1. Employee-elected Board members**

The employee election of members of the Board of Directors last took place in February/March 2019. The SimCorp Group employees elected three members and five substitute members of the Board of Directors for the period 2019-2022. The employee-elected

members joined the Board at the ordinary general meeting on March 27, 2019 and their election period runs until the Annual General Meeting 2022.

SimCorp carried out the election 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 February 29, 2012, and Statutory Order no. 344 dated March 30, 2012 regarding employee representation in public and private companies.

SimCorp applied rules on how candidates were entitled to campaign, including offering candidates the opportunity to present 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 anonymous.

#### **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 and the Nomination and Remuneration 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 members between them to best perform their tasks are;

- 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&A 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

#### 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 satisfactory, 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. At least every third year, the Board of Directors shall obtain external assistance for the evaluation process. 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 and results made by the individual Board members
- The composition of the Board in relation to 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 (including diversity and number of members)
- The total number of management functions for each Board member in relation to the number, level and complexity of such individual management functions
- The Chairman's leadership of the Board of Directors,
- The work in the committees and the committee structure, and
- The organization and quality of the material that is submitted to the Board of Directors.

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 Vice-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. COMMITTEES

#### 5.1. 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 which is published on the company's website.

#### 5.2. Nomination and Remuneration Committee

SimCorp's Board has established a nomination and remuneration committee (the "Nomination and Remuneration Committee"). The Board appoints the Chairman and the members of the Nomination and Remuneration Committee directly and may at any time change the appointment of members of the

Nomination and Remuneration Committee.

The Nomination and Remuneration Committee shall in respect of nomination matters assist the Board with the oversight of the competence profile and composition of the Board, the nomination of members of the Board and its committees, succession plan for Group Management Committee and such other tasks as required by the Board and in respect of remuneration matters assist the Board with preparation of the remuneration guidelines, evaluation of the Board remuneration, preparation of remuneration and payment terms of the Executive Management Board and the Group Management Committee, review the restricted stock unit pool, review the top 25-earners and such other tasks as required by the Board.

The roles and responsibilities are set out in the Terms of Reference for the Nomination and Remuneration Committee which is published on the company's website.

### 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 and an evaluation of the need for changes to the structure and composition of the Executive Management Board, in light of the company's strategy.

## **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
- Analyzes the risk and consequences of the company's failure to achieve the strategic and operational goals
- Analyzes 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 two representatives (currently the Chairman of the Audit Committee and an independent member of the Board) of SimCorp to act as gatekeepers 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.

### **8.3 Information security and privacy**

#### **8.3.1 Information security governance and audit**

SimCorp maintains an Information Security Policy, which defines the security-related rules and requirements for use of information technology across the company. The policy also defines the rules for monitoring and logging events in order to detect and investigate security incidents.

This policy is based on ISO27001 principles. It is reviewed and updated at least annually and subsequently approved by the Executive Management Board and the Board of Directors. SimCorp's Audit Committee is responsible for maintaining the policy and for ensuring that SimCorp remains in compliance with the policy.

Additionally, SimCorp's 'SimCorp Dimension as-a-Service' (SCDaaS) offerings are supported by ISAE3402 and SOC2 third-party audit reports which document the control framework and operating effectiveness of this service.

#### **8.3.2. Privacy**

SimCorp provides its Privacy Policy to all new contacts (clients, prospect clients and visitors to the company's website) that are registered in the company's CRM system to inform about SimCorp's protection of personal data. The Privacy Policy is compliant with EU General Data Protection Regulation (GDPR) and informs contacts about their right to insight, deletion and the right to complain about processing of personal data. The Privacy Policy is easily accessible on the company's website.

SimCorp further provides Privacy Policies to all employees, detailing the information gathered and used by SimCorp during the course of the employee's employment with SimCorp.

SimCorp Dimension supports the clients' efforts to ensure compliance with GDPR by the introduction of new functionality to better protect and separate personal data within the application.

When dealing with suppliers, SimCorp enters into data processing agreements whenever this is required under GDPR.

## **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.

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 Copenhagen and other information will be published in English and may also be published in Danish and/or other relevant languages.

These rules are adopted in Copenhagen on February 5, 2020.

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Peter Schütze

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Morten Hübbe

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Hervé Couturier

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Simon Jeffreys

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Adam Warby

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Joan A. Binstock

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Else Braathen

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Vera Bergforth

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Hugues Chabanis

## 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.

## ABOUT SIMCORP

SimCorp provides integrated, best-in-class investment management solutions to the world's leading asset managers, fund managers, asset servicers, pension and insurance funds, wealth managers and sovereign wealth funds. Regardless of how you deploy it, SimCorp's core solution, SimCorp Dimension<sup>®</sup>, and its life-cycle services support the entire investment value chain and range of instruments, all based on a market-leading IBOR. SimCorp invests around 20% of its annual revenue in R&D, helping clients develop their business and stay ahead of ever-changing industry demands. Listed on Nasdaq Copenhagen, SimCorp is a global company, regionally covering all of Europe, North America, and Asia Pacific.

For more information, please visit [www.simcorp.com](http://www.simcorp.com).

## ONE SYSTEM FOR A COMPLEX WORLD



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