

**TERMS OF
REFERENCE
FOR THE **AUDIT
AND RISK
COMMITTEE****

TERMS OF REFERENCE OF AUDIT AND RISK COMMITTEE

1. PREAMBLE AND PURPOSE

The SimCorp Audit and Risk Committee (the “Committee”) has been established by the SimCorp A/S Board of Directors (the “Board”) to assist the Board with the oversight of:

- a) the financial reporting;
- b) the financial control environment;
- c) the internal auditor, if relevant;
- d) the external auditor;
- e) the Enterprise Risk Management system; and
- f) other activities delegated by the Board such as monitoring of the process for handling complaints reported through the whistleblower hotline.

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 accountable to the Board for the Committee discharging its duties and responsibilities as set out in the terms of reference.

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, including the outlook for the financial year;

In addition, the Committee will:

- Monitor key accounting policies, significant accounting estimates and judgments;
- Monitor related party transactions and report to the Board on any related party transactions; and
- Monitor the financial reporting process and submit recommendations to ensure its integrity.

4.2. Financial control environment

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 cash flow forecasting, scenarios and stress tests to assess the adequacy of capital and liquidity;
- Monitor large and complex fixed price and T&M projects in order to assess the continued performance of SimCorp under these projects; and
- 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.

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 an internal 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;
- Monitor compliance with the guidance for pre-approval of non-audit services (NAS);

- 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 recommend to the Board the content of the agreement with the external auditor;
- Review the annual audit plan, including materiality level, identified risks, scoping, timing of the audit and staffing;
- 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;
- Monitor and discuss the statutory audit of the annual financial statements, taking into account any findings from the most recent quality control of the external auditor;
- 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. Enterprise Risk Management

The Committee will:

- Provide advice to the Board in relation to SimCorp's overall risk appetite for each of the categories of principal risk to which SimCorp may be exposed;
- Oversee and advise the Board on the current risk exposures of SimCorp;
- Oversee the management of those categories of risk to which SimCorp may be exposed;
- Provide oversight of SimCorp's overall risk framework ensuring that the principal risks are being appropriately assessed;
- Monitor and advise the Board on the management of key risks, including reviewing reports for material breaches of risk tolerances and material audit findings, and the adequacy of proposed actions;
- Monitor the level of exposure to credit risk;
- Monitor changes in any significant treasury arrangements and their impact on SimCorp; and
- Review and submit for Board approval the risk strategy, policies and procedures of SimCorp.

- Review the risk management section of the Corporate Governance Report to be included in the SimCorp's annual report and to make a recommendation to the Board regarding its acceptance.
- Monitor and encourage the embedding and maintenance throughout the Group of a supportive culture in relation to the management of risk.

4.6. Other matters

The Committee will:

- Monitor matters raised by any whistleblower and make recommendations to the Board for actions to be taken;
- As a minimum every year review SimCorp's tax policy to ensure that it is in line with the company's position on tax, review significant tax strategies and handling of tax risks. If the Committee evaluates that changes to the tax policy is required, they shall make recommendation hereof to the Board. Tax compliance must be reviewed on an annual basis;
- Monitor the current status of the completion and filing of tax returns to meet legal and regulatory requirements; and
- Oversee other activities delegated from the Board.

4.7. 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 positions 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 members and 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 positions at SimCorp A/S. Re-appointment may take place.

The majority of the members of the Audit and Risk Committee shall qualify as independent as defined by Danish law and as a whole have the relevant expertise relevant for SimCorp. Further at least one member shall have the appropriate expertise within accounting for or auditing of a listed company.

Other attendees are:

- SimCorp's Chief Financial Officer (CFO);
- SimCorp's Group Chief Accountant; and
- SimCorp's external auditor – as a minimum for the meeting where the audit plan for the coming year is on the agenda and for the meeting where the report on the annual audit 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:

- Other Board members;
- SimCorp's Chief Executive Officer (CEO);
- SimCorp's Chief Operating Officer (COO); and
- SimCorp's Chief Product Officer (CPO)

5.3. Committee invitees

The Chairman may invite or require other persons relevant to the Committee's business to attend (part of) Committee meetings, including SimCorp's Risk Manager, Information Security Director, the representatives of SimCorp's Business Units, Professional Services and Product Divisions, internal and 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 conferences.

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 at least three members, including:

- The Chairman, or the nominated representative to act as Chairman; and
- Two additional members 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 by the Committee during the year. This report may be a part of the annual report to the shareholders or it can be disclosed separately on 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.

These Terms of Reference are adopted at the Board meeting on September 11, 2020.

Peter Schütze

Morten Hübbe

Hervé Couturier

Simon Jeffreys

Adam Warby

Joan A. Binstock

Else Braathen

Vera Bergforth

Hugues Chabanis

ABOUT SIMCORP

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For more information, please visit www.simcorp.com

ONE SYSTEM FOR A COMPLEX WORLD



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