

27. februar 2013

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

Introduction

SimCorp's General Meeting 2012 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. SimCorp's Board of Directors proposes minor adjustments to be made in respect of the remuneration principles, primarily with the objective of enabling the establishment of an audit committee by providing the future chairman of the audit committee with 50% more in remuneration than the ordinary members of the Board of Directors and that SimCorp offers its employees only restricted stock units as part of the long term incentive programme. Further the policy has been updated to reflect that a member of the company's Executive Management Board shall be entitled to sell shares allocated under the long term incentive program corresponding to the income tax arising from the allocated shares in any year such shares vest. The adjusted remuneration principles take effect when the shareholders have approved the remuneration principles at the annual general meeting in March 2013.

Remuneration of the Board of Directors

The Board of Directors receive remuneration consisting of cash and SimCorp shares.

The shareholders approve the remuneration of the Board of Directors for the coming year at the annual general meeting.

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 of Directors proposed to the annual general meeting is in line with conventional compensation for Board of Directors of comparable, Danish companies. The remuneration is equal to all Board members. However, the chairman and the vice chairman respectively receive 150% and 50% more than the other members. Further, the chairman of the audit committee receives 50% more than the other members (unless the chairman of the audit committee is also chairman or vice chairman of the board of directors). The annual cash compensation constitutes two thirds of the total remuneration, and the value of SimCorp shares constitutes one third of the remuneration.

One third of the total remuneration 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. 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 of Directors after the annual general meeting.

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.

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.

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

Instruments forming part of long-term incentive programme

In SimCorp we use the following instruments as part of the long-term incentive programme:

"RSU type A" is a right, which at a certain point in time (the "Time of Grant") is granted a member of the Executive Management Board, management or employees (the "RSU Type A Holder"), to acquire a certain number of shares in SimCorp without consideration within periods after the Time of Grant of 1, 2 and 3 years where the RSU Type A Holder will be granted 1/3 of the shares after each year (the "Acquisition Date"). The acquisition of full ownership rights in respect of the shares by the RSU Type A Holder is conditional upon his/her employment with SimCorp at the respective Acquisition Dates. RSU type A is linked to SimCorp's short term incentive programme as further described below.

"RSU type B" is a right, which at a certain point in time (the "Time of Grant") is granted a member of the Executive Management Board, management or certain key employees (the "RSU Type B Holder"), to acquire a certain number of shares in SimCorp without consideration within a period after the Time of Grant of 3 up to 5 years (the "Acquisition Date"). The acquisition of full ownership rights in respect of the shares by the RSU Type B Holder is conditional upon (i) the RSU Type B Holder being employed with SimCorp at the Acquisition Date and (ii) that the SimCorp Group at the Acquisition Date has met certain defined performance targets, and if such targets are only met partially, the number of shares acquired will be reduced or may lapse completely.

Remuneration of the Executive Management Board

The Board of Directors 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 of Directors informs the annual general meeting of the remuneration for the Executive Management Board.

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

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

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

	In percentage of base salary
Base salary (cash and pension contribution)	100
Other benefits (at a maximum of)	10
Short-term incentive programme (at a maximum of)	45
Participation in the RSU Type A programme (at a maximum of)	10
Long-term incentive programme (at a maximum of)	55
Total	220

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 short-term incentive programme at a maximum of 45% of the base salary; a possibility to participate in the RSU Type A programme if certain minimum criteria for the short-term incentive programme are achieved and where the cost is maximum 10% of the base salary; and a long-term incentive programme at a maximum of 55% of the base salary.

The Executive Management Board participates in the short-term incentive programme 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 equally on two measures: profitability (EBIT margin) and business growth; and the remaining 6% is allocated for other specific targets that vary from year to year. As part of the approval of the short-term incentive programme the Board of Directors decides every year the target values for each measure for the coming year. The Board of Directors sets challenging short-term incentive targets. If the target values for the measures are exceeded (above 100% achievement of targets) the Board of Directors 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 short-term incentive compensation cannot exceed 45% of the base salary.

The incentive to long-term value creation is based on participation in the granting of restricted stocks.

In line with other employees the members of the Executive Management Board can be offered to participate in the company's RSU Type A programme if certain minimum criteria for the short-term incentive programme are achieved. Conditions described above apply to this programme too. The discount granted in respect of the acquisition by the Executive Management of the RSU Type A cannot exceed 10% of the base salary.

The members of the Executive Management Board are granted RSU Type B with an aggregate value at the time of grant of up to 55% of the base salary.

The value of the RSU Type B is determined at the Time of Grant and the total value of RSU Type B cannot exceed 55% of the base salary.

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 Acquisition Date in respect of RSU Type A and B shall be held in trust for at least three years. Notwithstanding the foregoing a member of the company's Executive Management Board shall be entitled to sell shares allocated under the long term incentive programme 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 of Directors 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 restricted stock units. 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 restricted stock units, 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 restricted stock units 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 of Directors 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. Restricted stock units may be granted on the condition that they will not vest until up to five years from the date of grant.

Incentive remuneration of employees

Overall principles

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

- The policy is based on local conditions in the markets where SimCorp operates
- Remuneration principles and structure apply equally to all employees irrespective of their geographic location, but the actual remuneration depends on local market conditions and may therefore vary
- To ensure transparency in performance-related pay, only a few milestones are used, primarily growth and the profitable development of SimCorp's business
- Senior management will have a higher proportion of incentive related pay relative to overall salary
- A portion of the total remuneration received by all employees is linked to the profitable growth of SimCorp's business

- To enhance the focus of all staff in SimCorp on the long-term interests of the shareholders share-based incentive plans are based on business performance or improved share price performance.

Short-term incentive programme

The short-term incentive programme consists of a cash bonus which is linked to the achievement of a number of pre-defined company, unit and/or individual targets for an employee. The business targets on Group level (the corporate bonus scheme) will typically be related to growth in business and EBIT margin for the SimCorp Group. The Board of Directors sets the targets for corporate bonuses prior to each financial year and the targets are the same for all employees in the Group - including the Executive Management Board.

An employee may decide to use her or his corporate bonuses as an investment in the long-term incentive programme as further described below.

Long-term incentive programme

The long-term incentive programme is first and foremost related to the absolute development of the share price of SimCorp. The company's long-term incentive programme is designed so as to enhance the Group's focus on shareholders' long-term interests.

SimCorp applies one instrument: Restricted Stock Units (RSU). Until 2009 SimCorp also used stock options as the share based long term incentive instrument.

SimCorp applies two different RSU Programmes – RSU type A and RSU type B.

The company offers RSU Type A to its employees. The RSU type A programme is closely linked to the corporate bonus scheme – and hence the value of the corporate bonus scheme is increased as well as the employees' attention to the share price.

In the beginning of each financial year employees have the right to waive their right to corporate bonus relating to such financial year and in return receive a number of RSU type A at a discount (currently 67%) to the average market price of the SimCorp share in the three days' period following the release of the annual report for the relevant financial year.

RSU type B units are granted to members of management and selected key employees. RSU Type B are used as an incentive to retain key employees, who are considered crucial for SimCorp's long-term development. Typically RSU Type B are granted to 5 to 10% of the employees in the Group. Up to 2% of the outstanding shares can be used for the RSU Type A and B programmes every year.