TEMENOS

THE BANKING SOFTWARE COMPANY

INVITATION TO THE 19TH ORDINARY GENERAL MEETING OF SHAREHOLDERS OF TEMENOS AG ("the Company")

to be held without audience on Wednesday 20 May 2020 at 11.30 a.m. at Temenos offices, 2 rue de l'Ecole-de-Chimie, 1205 Geneva, Switzerland

Temenos AG

Invitation to the 2020

Annual General Meeting

Chairman's Letter

Dear Shareholders,

It is both an honor and a pleasure to invite you to vote at the 19th annual shareholders' meeting of Temenos. This year's meeting will be held without an audience due to the exceptional events around COVID-19. Shareholders will be able to vote through the independent proxy holder and more details on how to do this can be found in the agenda.

Before addressing matters for consideration at this upcoming shareholders' meeting, I would first to comment on the current environment.

A resilient business model
We are witnessing an unprecedented global crisis with the spread of COVID-19 around the world. For Temenos, our clients, employees and the communities we operate in come first. We are proud to be able to continue seamlessly supporting our clients across sales and implementations while delivering Software as a Service to a number of banks worldwide as well as keep investing and innovating on our product portfolio in such difficult times. As a global business, we are following government guidelines in all our offices and prioritizing the safety and security of our employees and their families.

Our business model is very resilient. We provide mission-critical software to banks, we are highly profitable and nearly 50% of our revenue is recurring in nature. This gives us strong visibility on our cash flow and profitability, even in extreme market environments. We also benefit from a robust balance sheet with significant financing capacity to support our business in such times.

I am confident that we will weather the current crisis and emerge from it stronger. I also expect to see demand for our product accelerate after the immediate health crisis subsides as banks realize the urgency with which they need to address their IT deficit, ensure their back office systems are resilient and highly automated whilst also providing market-leading customer service through digital channels while at the same time improve their profitability and returns to their stakeholders.

Performance and industry trends in 2019
Only a handful of software companies have ever reached USD 1 billion in revenues and Temenos has the pride to be amongst this elite group. The relentless march of technology and innovation, which brings so many options to all of us as consumers in our daily lives, ensures that only the best can keep pace with this change and even fewer have an opportunity to lead. Temenos is one of them. More importantly, our growth continues to be strong and profitable as we continue to gain market share in our target markets, which bodes well for the future. Our increased size allows us to invest more meaningfully in our products and allows us to compete more effectively and therefore grow faster. Application software companies that make it to USD 1 billion in revenues with their growth intact usually accelerate significantly and continue to become the giants of their target markets; the bigger they become, the faster they grow.

The trillion dollar opportunity
We would not have been able to do this unless we delivered outstanding value to our clients over the years. We have been running a value benchmark program with our clients for a number of years that came to maturity during 2019 and has provided insights into why our clients are more profitable and with higher returns on equity than their peers. Through in-depth strategic analysis we are able to correlate financial performance of banks to the use and maturity of software processes across the banking value chain and we estimate that there is at least an annual USD 1 trillion dollar opportunity to be captured by banks through the use of modern software. This is truly an exceptional finding but puts the Temenos opportunity into perspective.

Thoughts on our performance in 2019
In 2019, we had another outstanding year with record growth in our revenues and profitability and the successful development of our business and strategic objectives.
2019 characterized by three very exciting trends:

Digital banking
Banks' efforts to offer their clients digital personalized customer experiences underpinned by analytics and Artificial Intelligence (AI), and thus provide access to both financial and non-financial products, are gaining traction and are becoming mainstream. Today the spend on digital is larger than the spend on core software and is also growing faster.

Our efforts in digital banking accelerated with the acquisition of 3 companies during 2019.

The acquisition of Kony has allowed Temenos to enrich our digital offering to our clients while also strengthening our US presence. Our Infinity product, into which we have integrated Kony, is revolutionizing the distribution piece of the banking value chain by allowing banks to deliver omni channel, personalized customer experiences and better engagement to all touch points, underpinned by our AI technology. Infinity offers our customers the choice to pursue transformation at their pace, before, during or after a core modernization project, working in front of multiple core systems if necessary for a time.

During 2019 we also acquired Logical Glue, a leader in Explainable AI. During the year, we have embedded AI in our products to allow banks to offer personalized customer experiences to their clients. The use of AI is gaining traction in all areas of technology, and banking and financial services is no different. We are seeing a trend where the next phase of digital transformation within banks will be powered by AI technologies. Being a regulated industry though, it is not enough just to offer your clients the results of an intelligent algorithm, which has the disadvantage of being a black box. Banks need to be able to explain to their customers why, for example, their credit card application has been approved or declined without bias and, if so, how they can resolve the issues that led to them being declined. This needs to be done in real time and in plain language that all can understand. Logical Glue has a unique, patented fuzzy logic based approach that provides the explanation and also the interaction with AI algorithms to be able to achieve exactly this outcome.

The other targeted acquisition was in the area of data management with the acquisition of hTrunk at the beginning of 2019. The acquisition has allowed us to offer the Enterprise-wide data lake capabilities required in order to intelligently use structured and unstructured data at scale to power our AI models. This, along with the AI platform, has rounded off our offering in the digital space and we experienced outstanding growth in digital on the back of this.

Core banking software
Investment in core banking software continues to grow at a very robust pace in the banking industry and Temenos continues to outpace the market with significant double digit growth. Banks are increasingly realizing that without a modern, efficient core engine that can help them manage their products, price them for the customer of one, and provide the data to power their analytics, they will not be competitive and their efforts in digital will be undermined. In 2019 we made the significant step of enhancing our microservices architecture in order to provide our clients with more options on how to go about their modernization efforts, implementing fewer banking capabilities at a time, thereby minimizing implementation risk.

Cloud and Software as a Service
Cloud and Software as a Service (SaaS) is gaining significant traction in financial services in both mature and emerging markets as banks appreciate the efficiencies that can be achieved through cloud deployment and regulators are convinced about the security and availability of cloud networks. Temenos has been a leader in offering our products on the cloud with our first deployments taking place as early as 2011, giving us the credibility to lead the market in this respect. We are very excited by the spectacular growth we see in this segment. Let me just say that in 4 years of growth in our cloud and SaaS business we have achieved an equivalent size business that took us 19 years to grow under the traditional on premise model.

Values and sense of purpose

Business models are changing globally while at the same time our roles as business leaders have been transforming. With digital technology minimizing the distance between businesses and their stakeholders and the new generations questioning the 'traditional' ways, businesses must revisit their purpose, rethink how they deliver value to their stakeholders, shifting from mass production to personalization and, more than ever, operate with responsibility, integrity, transparency and the highest ethical standards.

At Temenos, we have the ethical responsibility to consider the expectations of all our stakeholders, along with our corporate purpose, our company's strengths, the opportunities and trends in the global marketplace and our personal aspirations and values as leaders, and get a clear understanding of what will generate value to all those associated with us.

We are proud of our dynamic and sustainable presence in the banking industry for over 25 years as an enabler for the transformation and re-invention of banks. As a global company with 68 Temenos offices in 40 countries, we want to keep on doing what we know best in a way that takes care of the world around us both globally and locally. We are proud of our efforts so far, as they were recognized by our inclusion in the 2019 Dow Jones Sustainability World Index (DJSI), ranking in the top 10% of the largest global companies listed, as well as our inclusion in the FTSE4Good Index Series.

Maintaining the trust of our stakeholders and remaining accountable to them is critical to us. It took us more than 25 years to build Temenos as we know it today and we have done so with a strong sense of purpose, guided by our Temenos culture and values. We believe that this is our true competitive advantage. We call this Temenosity and we celebrate Temenosity as the cornerstone of our success. Our business is about building trust and strong relationships, with all our stakeholders, our clients, our partners, our shareholders and between us Temenosians. Responsibility is in our culture. Our passion for innovation and for seeing things differently will ensure that we continue to develop winning products for our clients. Our determination, energy, enthusiasm, resolve, integrity, commitment, people focus and never-give-up attitude will ensure we remain the leading banking software company and overcome any challenges that may lie ahead of us, like we have done in the past.

Influencing the way banking is carried out for the 21st century continues to be our end goal, one that guides our daily endeavors. With more than 3,000 banking clients in over 150 countries worldwide, we are well on our way to doing so.

The 19th Ordinary General Meeting of Shareholders

Please refer to the enclosed agenda for the items to be voted on. As always, the compensation report included in the 2019 Annual Report provides details of our approach to compensation and the targets and controls we have put in place. Our compensation structure is heavily linked to performance to align us with the long term objectives and priorities of our shareholders while providing the key incentives for the executive team to continue to deliver on what is truly a global, exciting opportunity, perhaps one of the most exciting opportunities in contemporary application software industry.

We will seek the election of Mr. Maurizio Carli and Dr. Homaira Akbari to the Board of Directors as Non-Executive and Independent Directors. Mr. Carli brings a wealth of knowledge and experience of the software sector having worked in a range of highly successful businesses throughout his career. His understanding of software sales organizations and of cloud business models in particular is highly relevant to Temenos given the pace of growth we are experiencing and the significant uptake in demand for cloud and SaaS from our clients. Dr. Akbari brings deep financial services experience as a Director of the Board of Banco Santander, as well as extensive experience of the technology sector including cyber security and Artificial Intelligence.

After serving on the Temenos Board 19, 8 and 6 years respectively, Board members George Koukis, Sergio Giacoletto-Roggio and Amy Yip will not stand for re-election at the forthcoming AGM. I would like to take this opportunity to thank them, in particular George Koukis as the founder of Temenos, for the time, energy, expertise and guidance they have given the company as members of the Board of Directors.

We have proposed a dividend of CHF 0.85 per share for 2019, an increase of 13% on the previous year. I hope you will be as many as possible to vote at this year's AGM and thank you for your confidence and support.

Andreas Andreades
Executive Chairman

Agenda and Proposals of the Board of Directors

1. 2019 Annual Report including the compensation report, the 2019 unconsolidated financial statements and the 2019 consolidated financial statements

Proposal
The Board of Directors proposes that the 2019 Annual Report including the compensation report, the 2019 unconsolidated financial statements stating a profit for the year of CHF 569,689,197 and the 2019 consolidated financial statements stating a profit for the year of USD 181,121,422 be approved.

2. Allocation of the available earnings and distribution of dividend

Proposal
The Board of Directors proposes to allocate the available earnings as follows:

Retained earnings brought forward	CHF 190,424,530
2019 net income	CHF 569,689,197
Retained earnings available to the General Meeting	CHF 760,113,727
Allocation to general legal reserve	CHF (28,484,460)
Allocation to reserve for treasury shares	CHF (170,026,364)
Dividend to be distributed to shareholders	CHF (30,000,000)
Retained earnings to be carried forward	CHF 531,602,904

Based on the audited financial statements for the financial year 2019, the Board of Directors proposes to distribute an ordinary dividend in cash amounting to CHF 0.85 per share, for a total amount of CHF 60,000,000 (this amount may vary depending on the number of treasury shares and of issued shares as of the ex-dividend date). This distribution shall be declared 50% out of the retained earnings as described above and 50% out of the disposable amount of the general reserve from capital contributions as at 31 December 2019 taking the legal form of an ordinary dividend in cash as described below. From a tax standpoint, the part of the dividend distributed out of the general reserve from capital contributions constitutes a repayment of part of the general reserve from capital contributions.

As a result, the general reserve from capital contributions at 31 December 2019, amounting to CHF 52,138,779 will be reduced as follows:

General reserve from capital contributions (at the disposal of the General Meeting)	CHF 52,138,779
Distribution of general reserve from capital contributions	CHF (30,000,000)
General reserve from capital contributions to be carried forward	CHF 22,138,779

Provided that the proposal of the Board of Directors is approved, the shares will be traded ex-dividend as of 22 May 2020 (Ex-date). The dividend record date will be set on 25 May 2020 (Record date) and the dividend will be payable as of 26 May 2020 (Payment date). Temenos treasury shares are not entitled to dividend.

3. Discharge of the members of the Board of Directors and executive management

Proposal
The Board of Directors proposes that the members of the Board of Directors and executive management be granted discharge for the financial year 2019.

4. Compensation of the members of the Board of Directors and of the Executive Committee for the year 2021

4.1. Compensation of the members of the Board of Directors for the year 2021 (1 January to 31 December)

Proposal
The Board of Directors proposes to approve a maximum aggregate amount of USD 7.8 million as fixed and variable compensation of the members of the Board of Directors for the financial year 2021.

Explanation
Please refer to the Annex.

4.2. Compensation of the members of the Executive Committee for the year 2021 (1 January to 31 December)

Proposal
The Board of Directors proposes to approve a maximum aggregate amount of USD 28.4 million as fixed and variable compensation of the members of the Executive Committee for the financial year 2021.

Explanation
Please refer to the Annex.

5. Elections of the members of the Board of Directors

5.1. Elections of new members

Proposal

The Board of Directors proposes the elections of **Dr. Homaira Akbari** and **Mr. Maurizio Carli** as members of the Board of Directors (Independent and Non-Executive), each for a term of office until completion of the next ordinary annual General Meeting of Shareholders.

5.1.1. Dr. Homaira Akbari

American and French, born in 1961, Dr. Homaira Akbari is President and CEO of AKnowledge Partners, LLC, a global strategy advisory firm providing services to leading private equity funds and large corporations in the sectors of Internet of Things, Cyber Security, Artificial Intelligence and Enterprise Software. She currently serves on the Board of Directors of Banco Santander S.A. (NYSE: SAN), Santander Consumer USA (NYSE: SC) and Landstar System, Inc. (NASDAQ: LSTR). Dr. Akbari has held senior management roles in Fortune 1000 companies including Microsoft, Thales and Liberty Media subsidiary, Trueposition. From 2007 to 2012, Dr. Akbari served as the President and CEO of SkyBitz, Inc., a leading provider of remote asset tracking and security solutions. Under her leadership, the company had record performance. She successfully sold SkyBitz to Telular Corporation (NASDAQ: WRLS). She has extensive public company governance experience having previously served on the boards of Directors of Veolia Environment (EN: VIE USD 13+ billion revenues, a CAC40 company) from 2015 to 2019, Gemalto N.V. (EN: GTO) from 2013 to 2019 and Covisint Corporation (NASDAQ: COVS) from 2014 to 2016. She holds Ph.D. in particle physics from Tufts University and an MBA from Carnegie Mellon Tepper School of Business. She is the author of more than 50 scientific articles in international journals, has two patents in IoT/M2M and is a frequent speaker in industry conferences. She has published Opinion Editorials in Financial Times.

5.1.2. Mr. Maurizio Carli

Italian, born in 1958, Mr. Maurizio Carli is currently a strategy advisor to VMware, a position he has held since stepping down as Executive Vice President, Worldwide Sales and Services for VMware early in 2020. Prior to this global role, Mr. Carli served as Corporate Senior Vice President and General Manager for two of VMware's three sales regions between 2008 and 2015. He was Senior Vice President and General Manager, EMEA at Business Objects prior to joining VMware. In his early career, Mr. Carli served in a number of leadership positions in sales, marketing, and global strategy at IBM between 1984 and 2002. Mr. Carli currently serves as an independent Chairman for Board International and has previously served as an independent board member for Telecity Group from 2011 to 2016 and as a board member of the newly-launched European Software Association from 2005 to 2006. Mr. Carli holds a Bachelor of Science in Electronic Engineering from Politecnico di Milano, Italy, where he graduated with honors.

5.2. Re-elections

Proposal

The Board of Directors proposes the re-elections of **Mr. Andreas Andreade**s as member and Chairman of the Board of Directors as well as **Messrs. Thibault de Tersant, Ian Cookson, Erik Hansen** and **Dr. Peter Spenser** as members of the Board of Directors, each for a term of office until completion of the next ordinary annual General Meeting of Shareholders.

5.2.1. Mr. Andreas Andreades, member and Executive Chairman of the Board of Directors

Cypriot, born in 1965. After early careers with KPMG in London and Pepsico, Mr. Andreas Andreades joined Temenos in 1999, initially in the position of Chief Financial Officer, before assuming the responsibilities of the Deputy Chief Executive Officer in 2001 and then the Chief Executive's role from July 2003 until July 2011, when he was appointed Chairman of the Board of Directors. In July 2012 he was appointed Executive Chairman of the Temenos Board of Directors. Since he joined Temenos, the Company has grown from less than 150 employees to more than 8,000 and to more than 3,000 clients generating approximately USD 1 billion in annual revenues and achieving a market capitalization of circa USD 12 billion, establishing it as the global leader in banking software. Since 2003 the market capitalization of Temenos has grown by 298 times or a compound average of 40% per annum. Mr. Andreades holds a Master's engineering degree from the University of Cambridge and is a United Kingdom qualified chartered accountant.

Mr. Andreades is a member of the Temenos Nomination Committee.

5.2.2. Mr. Thibault de Tersant, member of the Board of Directors

French, born in 1957, Mr. Thibault de Tersant is a member of the Board of Dassault Systèmes and has been executive vice president and CFO of the company since 1988 and Senior EVP since 2006. He was named Senior executive vice-president and General Secretary in January 2018.During his tenure in Dassault Systèmes, Mr. de Tersant, who, as CFO, managed an organization in charge of Finance, Legal, Sales Administration, Pricing, Contracts Negotiations, Internal Control and M&A, has conducted more than 80 successful acquisitions totaling around USD 5bn. He oversaw Dassault Systèmes' successful initial public offering on the Paris and Nasdaq stock exchanges in 1996, as well as a secondary offering in 1997. Mr. de Tersant, in his capacity of General Secretary is responsible for new business models definition, pricing, corporate structure and governance, compliance, internal audit and various business assignments. He has more than 30 years of experience in the software industry. Mr. Thibault de Tersant is a graduate of the ESSEC Business School and of the Institut d'Etudes Politiques de Paris.

Mr. de Tersant is Chairman of the Temenos Audit Committee.

5.2.3. Mr. Ian Cookson, member of the Board of Directors
Swiss, born in 1947, Mr. Ian Cookson has been active in the financial services sector for over 30 years and has built one of the most efficient IT operations in Private Banking worldwide. Mr. Cookson acted as Chief Operating Officer of EFG International and a member of the Executive Committee until September 2007, and he was previously a member of the Executive Committee of EFG Bank (since 2002). Prior to this, Mr. Cookson was the Deputy Chief Executive Officer of EFG Bank (1997-2002), Chief Operating Officer of Banque de Dépôts, Geneva (1991-1997) and the Head of Management Services of CBI-TDB Union Bancaire Privée (1986-1991).

Mr. Cookson is Chairman of the Temenos Nomination Committee and a member of the Temenos Audit and Compensation Committees.

5.2.4. Mr. Erik Hansen, member of the Board of Directors
Danish, born in 1952, Mr. Erik Hansen is a recognized software industry veteran with over 30 years of experience as a senior executive at leading software companies. Mr. Hansen has previously been Chairman of Myriad Group AG (2012-2018) and has served as CEO and Board Member at Day Software (2008-2011) which was acquired by Adobe in 2010. Prior to this, Mr. Hansen held several senior leadership roles at companies including TIBCO Software (2000-2004), Siemens Pyramid Technology Inc. (1997-2000) and Apple (1990-1994), both in Europe and in the United States. Mr. Hansen holds a degree from the business college in Horsens, Denmark.

5.2.5. Dr. Peter Spenser, member of the Board of Directors
British and American, born in 1954, Dr. Peter Spenser has over 39 years of experience in the financial services sector and technology. Until June 2016 he was a senior Partner at Deloitte Consulting in the US where in addition to serving a number of major clients (Global Banks, Brokerages and Wealth and Asset Managers), he led a number of practice areas including the Investment Management practice and also the Global Financial Services IT and Data Analytics practices. Prior to this he was Director of Engineering at AcquiData, Inc. which he co-founded (1985– 1990), Director of Software Systems at Magnaflux, Inc. (1982-1985) and a developer/analyst at Logica (1979– 1982).Dr. Spenser holds a BA and MA in Theoretical Physics from Cambridge University and a Ph.D. in Astrophysics from University College London.

Dr. Spenser is a member of the Temenos Audit Committee.

6. Elections of the members of the Compensation Committee

Proposal
The Board of Directors proposes the elections of **Dr. Homaira Akbari, Dr. Peter Spenser** and **Mr. Maurizio Carli** as well as the re-election of **Mr. Ian Cookson** as members of the Compensation Committee, each for a term of office until completion of the next ordinary annual General Meeting of Shareholders.

6.1. Dr. Homaira Akbari (Chairperson)
6.2. Mr. Ian Cookson
6.3. Dr. Peter Spenser
6.4. Mr. Maurizio Carli

7. Election of the independent proxy holder

Proposal
The Board of Directors proposes the re-election of the law firm **Perréard de Boccard S.A.** as independent proxy holder until completion of the next ordinary annual General Meeting of Shareholders.

8. Election of the auditors

Proposal
The Board of Directors proposes the re-election of **PricewaterhouseCoopers S.A.**, Geneva, as statutory auditors for a new term of office of one year.

Documentation
The 2019 Annual Report (including the compensation report, the unconsolidated financial statements, the consolidated financial statements and the auditors reports), the minutes of the last ordinary General Meetings of Shareholders as well as the current Articles of Association may be ordered at Company's headquarters and are also available on: https://www.temenos.com/en/about-temenos/investor-relations

Votes
Shareholders recorded in the share register with voting rights as of **7 May 2020 at 5 p.m. CET** (record date) are entitled to vote at the forthcoming General Meeting and will receive by post the invitation to this General Meeting.

Representation
According to article 6a of the Ordinance on Measures to Combat the Coronavirus (COVID-19) dated 13 March 2020 and the modification dated 16 March 2020, the shareholders will not be able to attend this General Meeting. They can however be represented by the independent proxy holder: **Perréard de Boccard S.A.** The voting instructions to the independent proxy holder can be given either by return of the proxy form or electronically using the password and as per the instructions indicated in the invitations to be sent to the shareholders. Voting instructions shall be received by **18 May 2020 at 5 p.m. CET** at the latest.

On behalf of the Board of Directors

Andreas Andreades
Executive Chairman

16 April 2020

ANNEX – Information on the Compensation proposals (4.1 & 4.2)

Dear Shareholders,

This being my last letter as Chairman of the Compensation Committee, I would like to take this opportunity to thank our major shareholders for the constructive and positive feedback we have received to our compensation structure in our engagement sessions over the last few years. The high proportion of "at risk" compensation linked to challenging performance measures has been appreciated and encouraged.

Company performance
Temenos continued its strong growth in 2019. At 31 December 2019, the growth in shareholder returns versus the peer group and other key metrics are shown below:

Total Shareholder Return (TSR)	3 years	5 years	10 years	10 year average
Temenos	130%	357%	548%	55%
Average of peer group	69%	116%	382%	38%

Product Revenue Growth	2016	2017	2018	2019
Non-IFRS Product Revenues USD m	507	591	691	803
Growth year on year %		17%	17%	16%
CAGR growth 2016 to 2019				17%

EPS Growth	2016	2017	2018	2019
Non-IFRS EPS USD	2.07	2.45	2.95	3.47
Growth year on year %		18%	20%	18%
CAGR growth 2016 to 2019				19%

Employee Growth	2016	2017	2018	2019
Number of employees including externals	4300	4945	5744	7879
Growth year on year %		15%	16%	37%
CAGR growth 2016 to 2019				22%

Compensation objectives
As part of its mandate, the Compensation Committee continues to monitor and ensure that:

- We have a strong link between pay and performance and that the success of management mirrors that of our shareholders.
- Variable compensation is based on achievement of business goals, which continue to be stretch targets. Final realized compensation is highly correlated with share price performance; this correlation is already reflected in the cost of our programs that is expensed in our profit and loss account.
- Compensation is competitive and drives motivation and retention of our key management.

Benchmark
The Compensation Committee monitors compensation against our peer group, both in terms of quantum and structure of compensation. Temenos is at the mid-point of the benchmark in terms of market capitalization and compensation. The peer group is a mix of software companies in Europe and in the US. Many European software companies have been acquired in recent years leaving very few true peers in Europe, and most of our competitors globally are US based (Fiserv, Fidelity). Successful software companies run an entrepreneurial type structure and the most effective compensation structure is the US model with a very high variable element. This is the model Temenos believes is most appropriate and has been applying for many years with exceptional company performance.

"At risk" compensation explained
For the Executive Chairman and Executive Committee, only 15% of their total compensation package in 2019 is fixed salary and benefits, 85% is for short and long term incentives, which are subject to delivering stretch targets for 1 year and 3 years respectively. This compares to the average for the CEO's in our peer group of 55% at risk compensation.

The following table shows Temenos continues to have more stringent minimum thresholds for the long term incentive with corresponding lower payouts than the peer group.

		Temenos Minimum 2020	Temenos Maximum 2020	Median Minimum for Peer group	Median Maximum for Peer group
Short term	Achievement	90%	125%	90%	108%
	Payout	0%	150%	0%	150%
Long term	Achievement	85%	137.5%	50%	150%
	Payout	0%	175%	0%	175%

ANNEX – Information on the Compensation proposals (4.1 & 4.2) **continued**

Dilution and cost of Stock Appreciation Rights (SAR) program

The cost of the SAR program in the profit and loss account is the fair value at grant and is disclosed. The fair value per SAR is calculated by Algofin, third party option valuation experts, using the Enhanced American Model, a standard model for valuing option contracts. At the end of each period an assumption is made on how many SARs will vest and the resulting cost is spread over the period of vesting. The cost for Temenos is recognized in the profit and loss account and is treated identical for both IFRS and non-IFRS reported numbers, unlike some other major software companies in Europe and the US that adjust their non IFRS reported numbers.

In 2019, Temenos used available conditional capital to satisfy vested and exercised SARs. The resulting dilution from the issuance of conditional capital is reflected in our basic and fully diluted Earnings Per Share (EPS) calculation.

The dilution over the last 3 years is shown in the table below. The target set by the Compensation Committee is for average dilution to remain at less than 2% per annum which compares with an exceptional EPS accretion over the same period of 19%. We are well within that target.

	CAGR 2016-2019
Dilution	1.4%
Non IFRS EPS	19%

The table below shows various simulations of future potential cumulative dilution which range from 3.5% to 8.4% which prove that we are well within the guideline maximum of 10% potential cumulative future dilution for fast growing companies as recommended by certain proxy advisors and significantly lower than the peer group average which stands at 14%. If the share price growth is 15% then the dilution assuming SARs are exercised on vesting date at a stock price of USD 240.8 is 4.8%. If the share price grows by 30% per annum and all SARs including those already vested are exercised at the resulting stock price of USD 347.8 in 3 years, then the dilution would be only 5.6%.

Simulations	No of shares million	No of SARs/ shares million	Average price USD	Assumed share price on exercise	No of shares to be created million	Dilution
Closing share price	71.0	5.6	86.31	**158.3**	2.6	**3.5%**
15% growth	71.0	5.6	86.31	**240.8**	3.6	**4.8%**
30% growth	71.0	5.6	86.31	**347.8**	4.2	**5.6%**
Maximum dilution (infinite share price)	71.0	6.5	92.93	**na**	6.5	**8.4%**

If we look at future cumulative dilution from the perspective of outstanding SARs as at 31 December 2019, including maximum overachievement on all KPIs to give 6.5 million outstanding SARs, then we can conclude that the maximum dilution that would be mathematically possible is 8.4%.

The conditional capital of 5 million shares that is available at 31 December 2019 is enough to cover the outstanding program up to a CAGR growth in share price of 75%.

Continued improvements in governance

We are this year introducing share ownership rules for Non-Executive Directors following the introduction of this a few years ago for the Executive Chairman and the members of the Executive Committee (Executives). Non-Executive Directors will be required to retain shares to the value of the annual retainer with effect from May 2023.

Conclusion

Our compensation structure is built to motivate the executive team to deliver strong short and long term achievement. It is important that we ensure the commitment of this new team for the long term with the appropriate compensation strategy, to drive the continued profitable growth of Temenos as seen over the last 5 years, leading to an ever increasing market share. We continue to have stretch targets for 2020 at 15% growth on non-IFRS product revenues and non-IFRS EPS.

87% of compensation is dependent on delivering on these targets. In addition, the SAR plan ensures that realized value is correlated to shareholder results, since the SAR plan delivers value to the Executives only if the share price increases.

The compensation proposals for 2021 are for the following amounts, details of which can be found in section D of this annex:

- Board of Directors: USD 7.8 million (2019: USD 7.8 million). In light of current developments relating to COVID-19, the Board of Directors has agreed to defer a planned request for further increases in Board fees to the 2021 AGM, which would therefore be effective for the year 2022.
- Executive Committee: USD 28.4 million for 6 members (2019: USD 27.2 million for 6 members). No increase is requested for CEO, CFO and COO. The increase of USD 1.2 million is mainly due to the addition of the role of President of the Americas and Global Head of Partners, as this role is a relocation to the United States, and the promotion of CPO to CPTO.
- The Compensation Committee will continue to monitor compensation on an ongoing basis and recommend adjustments when and if required.

Feedback from our shareholders is important for us and we continue our annual engagement program on compensation specifically. We continue to proactively seek views in advance of any changes we are considering to our compensation structure. The Compensation Committee remains committed to this dialogue with shareholders, and we welcome regular feedback on our compensation policies.

We look forward to receiving your support at the AGM on 20 May 2020.

Sergio Giacoletto-Roggio
Chairperson of the Compensation Committee

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Full details of 2019 compensation are provided on pages 110-126 of the 2019 Annual Report (compensation report). The 2019 Annual Report is available electronically under: https://www.temenos.com/en/about-temenos/investor-relations/reports

A. Compensation Policy and Principles

A.1. Compensation objectives

Temenos' executive compensation programs are designed with two main goals in mind:

- Pay for Performance alignment: by making the major portion of compensation dependent on achieving increased shareholder value through the achievement of long term performance indicators.
- Fostering a performance-based corporate culture through variable compensation.

Temenos has a 21 year track record in building long term shareholder value and is committed to continuing to do so.

Executive compensation consists of:

(i) fixed cash compensation and benefits;
(ii) variable cash linked to short term performance targets (i.e. current financial year);
(iii) equity based variable compensation that is linked to long term performance targets.

Compensation of the Non-Executive members of the Board of Directors comprises fixed compensation only.

Performance criteria are set by the Board of Directors and may include criteria relating to the performance of the Company or parts thereof, performance in relation to the market or other companies, as well as individual performance. The Board of Directors determines the extent to which the performance criteria impact variable compensation, including maximum opportunity, and the relative weight of the performance criteria. The Board of Directors also oversees the conditions linked to the grant, vesting, exercise and the forfeiture of equity based incentive programs.

A.2. The role of the Compensation Committee

The Compensation Committee is authorized by the Board of Directors to:

- Recommend to the Board of Directors compensation practices and policies for Executives;
- Align the interests of the Executives and senior managers to the long term interests of the Company and its shareholders by recommending compensation practices and policies that are equitable and performance based;
- Review the competitiveness of the Company's executive compensation programs and thereby ensure the attraction and retention of the Executives and senior managers who are key in delivering the Company's business objectives;
- Confirm that compensation packages for Executives and senior managers are in line with market norms.

To fulfill its duties, the Compensation Committee typically meets at least three times during the year on the following cycle:

- November – to review the Compensation Committee terms of reference, to review compensation practices and policies for the forthcoming financial year, to approve fixed compensation and principles for variable short term and long term incentives for Executives;
- February – to approve the performance targets for variable short term incentive, and to approve the long term variable compensation grant including performance targets; and
- March – to recommend prospective compensation to be submitted for approval at the Annual General Meeting of Shareholders.

The Compensation Committee being proposed for election at the 2020 Annual General Meeting comprises four Independent and Non-Executive Directors:

- Homaira Akbari, Chairperson
- Ian Cookson
- Peter Spenser
- Maurizio Carli

The Compensation Committee members are elected annually by shareholders.

A.3. Approval process

Before submission to the shareholders for approval, the recommendation of compensation packages for Board and Executive Committee members are governed as follows:

Compensation of	Recommended by	Approved by
Executive Chairman of the Board	Compensation Committee	Board of Directors
Executive Committee	Compensation Committee	Board of Directors
Non-Executive members of the Board	Chief Executive Officer	Chairman of the Board

A. Compensation Policy and Principles continued

A.4. Benchmarking process

To ensure executive compensation is correctly set in the context of industry practice, the Compensation Committee reviews benchmark data collated from a range of organizations in the technology sector.

Temenos has reviewed its Comparator Group for 2019. The Comparator Group has been selected based on the following criteria:

- Companies targeted for hiring talent into Temenos;
- Software companies that have similar operating characteristics to Temenos in terms of global reach, target markets, competitive dynamics, high growth and complexity; and
- Financial services software companies that industry analysts rank as global top performers.

The companies are the same as those used in 2018. Temenos is at the median market capitalization of our peer group of USD 11 billion, and at approximately USD 1 billion of revenues in 2019 we are approaching the median revenue of our peer group. Our CAGR revenue growth over 3 years is 15% compared to the median of the peer group at 10%.

A large part of the Comparator Group are companies based in the USA. This is due to the fact that the majority of the global software players are incorporated in the USA and therefore they represent a significant part of our direct competitors. Very few software companies remain in Europe.
The following 17 companies are those used for the benchmark:

Organization	Country	Organization	Country
ACI Worldwide	USA	Nextgen Healthcare	USA
Broadridge Financial Solutions	USA	SDL	UK
Citrix	USA	Simcorp	Denmark
Fidelity National Information Services	USA	Software AG	Germany
Fiserv	USA	SS&C	USA
Jack Henry and Associates	USA	The Sage Group	UK
Intuit	USA	Wirecard	Germany
Logitech International	Switzerland	Workday	USA
Micro Focus International plc	UK		

A.5. Shareholder engagement

Regular shareholder dialogue is a key priority for our management and Board and therefore we routinely engage with shareholders to discuss business, performance, compensation and governance matters.

Specifically with regard to executive compensation, in November 2019 we communicated by letter with our major shareholders outlining our compensation structure and inviting them to a meeting with Temenos management or Board members at their convenience and as a result, the Chairperson of the Compensation Committee engaged in face-to-face meetings or conference calls with a number of our largest shareholders and some shareholder advisory groups mostly during December 2019. One of the key topics discussed was the shareholder views on our non-executive compensation which is no longer competitive compared to our peer group. For non-executive compensation we compare with the SMIM and with our executive peer group. Our non-executives are paid significantly lower than the average of the SMIM. US companies and our executive peer group are even higher.

A.6. Votes on compensation

As set out in the Articles of Association, the General Meeting of Shareholders shall approve annually and separately the proposals of the Board of Directors in relation to the maximum aggregate amount of:

- Compensation of the Board of Directors for the next fiscal year; and
- Compensation of the Executive Committee for the next fiscal year.

The Board of Directors may submit for approval by the General Meeting of Shareholders proposals in relation to maximum aggregate amounts of compensation relating to different periods, or in relation to amounts for specific compensation elements for the same or different periods.

In the event a proposal of the Board of Directors has not been approved by the General Meeting of Shareholders, the Board of Directors shall determine, taking into account all relevant factors, the respective maximum aggregate amount of compensation or partial maximum amounts for specific compensation elements, and submit the amount(s) so determined for approval by a General Meeting of Shareholders. The Company may pay out compensation prior to approval by the General Meeting of Shareholders subject to subsequent approval by the General Meeting of Shareholders.

As stated in the Articles of Association, if the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to also cover compensation of one or more members who become members of, or are being promoted within, the Executive Committee during a compensation period for which the General Meeting of Shareholders has already approved the compensation, the Company is authorized to pay the member a supplementary amount during the compensation period already approved. The total supplementary amount per compensation period shall not exceed 40% of the aggregate amount of compensation of the Executive Committee last approved by the General Meeting of Shareholders.

B. Pay for performance appraisal

To align with shareholders' interests, Temenos' executive compensation program is designed to foster a pay-for-performance culture.

The chart below shows a percentage split of aggregate compensation of the Executives for 2019.

2019 Executive Chairman and Executive Committee	
Fixed fee/salary	13%
Other compensation	2%
Variable short term incentives	10%
LTIP earned	25%
LTIP not earned	50%
At risk compensation	**85%**

The fixed salary and benefits are the only unconditional, i.e. non risk components; short term variable compensation is dependent on the achievement of the results for 2019 and long term variable (LTIP) is dependent on the achievement of the results for the three year period 2019 to 2021 inclusive.

Compared to our peer group, the portion of our at-risk compensation is higher and corresponds to significantly more stretching threshold goals. The minimum threshold for our LTIP program is 85%, compared to our peer group median of 50%. The maximum threshold in 2019 was 140%, compared to our peer group median of 175%.

In 2019, 85% of total compensation was variable and conditional upon performance targets and therefore at risk. Based on the outstanding growth delivered in 2019 one third of the long term incentive is earned and the short term targets were exceeded.

The 'LTIP earned' is the part of the 2019 grant relating to the delivery of non-IFRS EPS and non-IFRS product revenue targets for the financial year 2019. The target for 2019 has been met and the component of the 2019 LTIP grant can no longer be forfeited. The LTIP is subject to time vesting criteria and will not vest until February 2022.

SAR payout vs Non-IFRS EPS CAGR growth for 3 year plan

With regard to the Long Term Incentive Plan, the chart below shows the trend of payout vs CAGR growth of non-IFRS EPS targets during the vesting period of the scheme.

Year of SAR plan	Payout (no of SARs)
2007	100%
2008	0%
2009	60%
2010	30%
2011	0%
2012	13%
2013	101%
2014	100%
2015	110%
2016	121%
2017	120%

Targets have always been set at challenging levels and reflect long term performance in order to maintain the direct link between pay and performance. Since 2013 the Company has performed exceptionally, the metrics since 2016 being shown in the letter of the Chairperson of the Compensation Committee on page 7 and this is reflected in the payouts of the schemes.

C. Compensation Components

C.1. Summary of compensation elements for employees

The table below explains the compensation elements:

		Fixed Salary and Benefits	Variable Short Term Incentive (bonus or commission)	Variable Long Term Equity Incentive
Eligibility		All employees	All employees	Executive Chairman, Executive Committee members and senior managers
Basis for funding		Continuity of service, role and experience	Role and experience with a 90% threshold on the global targets (80% on regional revenue targets) to be achieved prior to the fund accumulating, allocation based on performance	Continuity of service over three years plus achievement of three year non-IFRS EPS targets and non-IFRS product revenue targets
Payout		Monthly or bi-weekly depending on jurisdiction	After performance for the financial year has been audited	On Board of Directors approval of the results for the final year of the Stock Appreciation Rights (SAR) plan
Payout subject to	**Forfeiture rules**	No	Yes	Yes
	KPIs	No	Yes	Yes
Performance range for Executive Chairman, Executive Committee members and senior managers		None	0% to 150% of fixed salary, 0% below 90% target threshold (80% target threshold for regional revenue targets of Regional Directors)	Up to 140% of on-target LTIP value if all targets are exceeded by 20%, 0% below 85% target threshold
Settlement		Cash	Cash and deferred shares	Shares
Malus and clawback clauses		Not applicable	Yes	Yes

C.2. Compensation elements for the Executive Chairman and Executive Committee members

The elements of the above table, together with their objectives, are as follows:

Fixed salary
- To compensate Executives for their expected day-to-day management, leadership and contribution to the business.

Benefits
- To provide a level of security in health and retirement and, should it be required, in disability and death.

Variable Short Term Incentive
- To make a significant portion of Executive overall annual compensation variable and dependent on delivery of the Company's annual key targets of license revenue, cash collection, non-IFRS EBIT and/or non-IFRS EPS growth.
- The variable short term incentive is paid in cash.

Variable Long Term Equity Incentive
- To provide a balance of total compensation, via long term equity incentives, that is variable and linked directly to long term performance indicators.
- To incentivize sustainable future performance in non-IFRS EPS growth and non-IFRS product revenue growth. Product revenue is defined as software licensing, including Software as a Service, and maintenance revenues.
- To retain Executives for the long term.

The Executive Chairman works in an executive capacity full time and is jointly responsible, together with the Executive Committee for the delivery of the business plan. His role is described in more detail on page 106 in the corporate governance section of the Annual Report. His compensation reflects his executive role and as such is made up of a fixed salary, benefits, variable compensation as a short term incentive and Stock Appreciation Rights as a variable long term incentive.

C.3. Variable Short Term Incentive

The 2021 variable short term incentive is subject to achievement of targets. We expect to use similar KPIs for the Executive Chairman and Executive Committee as in 2020, although this may be subject to change depending on business priorities set in the 2021 budget. For 2020, the KPI's are as below:

- Non-IFRS Total Software licensing (weighting of 37.5%)
- Software as a Service (SaaS) Annual Contract Value (weighting of 17.5%)
- Non-IFRS EPS (weighting of 20%)
- Operating Cash (weighting of 25%)

SaaS continues to be a high priority for the business and hence the increase in weighting of this KPI in 2020 from 15%. We expect the importance of this KPI to accelerate into 2021.

C. Compensation Components continued

C.3. Variable Short Term Incentive continued

The targets will be based on the 2021 budget to be approved by the Board of Directors. The Board of Directors will set challenging targets consistent with past years; the history of the payouts is shown below:

	Weighted average Achievement (%)	Payout (%)
2013	96	63
2014	93	32
2015	104	108
2016	104	100 (capped)
2017	108	108
2018	109	114
2019	99	79

C.4. Long Term Equity Incentive

The Company grants Stock Appreciation Rights (SARs) to Executives and senior managers with performance and vesting criteria. We continue to favor the use of SARs over restricted stock as they necessitate a growth in the share price, which itself is dependent on strong Company performance, before they have any value to the recipient. In this way, we incentivize the management team to deliver strong revenue growth and profitability over the long term.

The SAR plan is available for the Executive Chairman, Executive Committee members and senior managers. Grant conditions are linked to the achievement of annual and three year cumulative non-IFRS EPS and/or non-IFRS product revenue targets, vesting after more than three years.

SARs are valued on a fair value basis by an independent organization, Algofin AG, using the Enhanced American Model, a sophisticated binomial model, to comply with IFRS 2. Algofin AG is a consulting company domiciled in St. Gallen, Switzerland, specializing in Quantitative Finance, Modern Financial Instruments, and Consulting in Asset Management. To ensure pricing integrity, long term equity awards are not issued at a discount to market price; they are priced at the closing market price on the day preceding the grant date. The fair value at time of grant is expensed over the vesting period based on the latest probable outcome of the final number of SARs to be granted. The cost for Temenos is a true cost borne in both IFRS and non-IFRS reported numbers, unlike some other major software companies in Europe and the US.

Temenos SAR program is a stock settled program. Employees are given the shares at time of exercise and they can choose to exercise and sell or exercise and hold. Temenos ensures it can meet its demand for shares through available conditional capital. Conditional capital increases are approved by shareholders at the Annual General Meeting. Conditional capital has been used for all exercises in 2019. Bank Havilland holds the treasury shares and administers the conditional capital issuance when required in relation to the share scheme. UBS will administer this from 1 April 2020, on the same basis. Our treasury shares are used as a guarantee to cover an administrative timing issue between granting the shares to our employees and issuing conditional capital at the end of each month.

The tables below provide an overview of the scheme. The level and value of awards is commensurate with an executive's contribution to the business.

Vesting conditions

Vesting of the SAR awards is for a period of 3 years, subject to continued employment, and subject to achievement of performance targets described below.

The targets for the SAR schemes are outlined below:

KPI	Weighting
Non-IFRS EPS Targets	40%
Non-IFRS Product Revenues	60%

For the 2021 scheme, as with every prior scheme, three year 2021-2023 non-IFRS EPS and non-IFRS product revenue performance targets for the 2021 SARs scheme will be determined by the Board of Directors. Targets will continue to be set at challenging levels to maintain the direct link between pay and performance. Our intention is that the Executives benefit if they create value for the shareholders. The detailed targets for the 2021-2023 plan will be set when the 3 year plan is approved towards the end of 2020, however, the targets for non-IFRS EPS are consistently based on a CAGR of 15% for the 3 year period and the targets for non-IFRS product revenues have been rising and have now reached a CAGR of 15%.

Vesting outcome

The vesting outcome for the number of SARs to be granted is the greater of:

i. The sum of the result of each of the individual years, where one third of the three year plan is based on achievement of annual results for each year of the three year plan. There is no overachievement element on the awards linked to annual targets and achievement is binary either 0 or 100%.
ii. Cumulative target achievement being greater than 85% of the sum of the annual targets. On the cumulative target there is a potential overachievement as explained below.

C. Compensation Components continued

C.4. Long Term Equity Incentive continued

Over/under achievement of SAR schemes

For achievement between 85% and 100% of target a pro-rated reduced amount will vest. For every 1% overachievement of the three years cumulative non-IFRS EPS and non-IFRS product revenue target, an additional 2% of SARs may be granted up to a maximum of 175% of the total grant. For every 1% underachievement, 6.67% of the number of SARs are forfeited.

Any over or underachievement is calculated based on the table below. Intermediate performance is pro-rated on a straight-line basis between the data points shown.

Cumulative non-IFRS EPS or non-IFRS product revenues: Achieved as % of cumulative target	85%	92.5%	100%	110%	137.5%
Proportion vesting	0%	50%	100%	120%	175%

C.5. Share ownership

The following minimum amount of shares must be held:

Executive Chairman	4 times annual fixed salary
CEO	5 times annual fixed salary
CFO	2 times annual fixed salary
Other Executive Committee members	1 time annual fixed salary

The Executive Chairman, CEO, COO, CTO and CPO met the requirements as at 31 December 2019. The previous CFO/COO was required to hold 3 times annual fixed salary, but his role was split into two different roles: CFO and COO. As such, the requirement for these roles was put in line with other Executive Committee members and in line with our peer group. New members must satisfy the requirement by the later of two years after appointment to the Executive Committee or as soon as the first SARs received for a new joiner deliver the required number of shares to cover the above mentioned minima.

The number of shares to be held are calculated based on the closing stock price of 31 December of the prior year and the fixed salary for the year. For example, the number of shares required to be held on 31 December 2019 is calculated based on the share price of 31 December 2018 and fixed salary for the year 2019. This allows the Executives sufficient time to take any required actions. Unexercised SARs do not count towards meeting the guidelines. The shares that count are Temenos ordinary shares.

C.6. Dilution and capital requirements

A Stock Appreciation Right (SAR) is an incentive given to employees that aligns their interest with shareholders and is equal to the appreciation of company stock over an established time period. Similar to employee stock options, SARs are beneficial to the employee when company stock price rises; the difference with SARs is that employees do not pay the exercise price but only receive the sum of the increase in stock or cash. The dilution on outstanding SARs is only known at the time of exercise as it is dependent on the share price at that time. As an example, if 1,000 SARs at a grant price of USD 44 are exercised when the share price is USD 130, then the gain is USD 86,000, equivalent to a 662 shares dilution.

When issuing SARs the Compensation Committee reviews the planned dilution to ensure that it remains within our target of no more than 2% pa on a CAGR basis. The dilution for the period 2016-2019, the period over which the 2017 SAR scheme vested on a CAGR basis, was 1.4% pa. This compares to an EPS growth of 19% pa on a CAGR basis for the same period. The CAGR from 2013 to 2019 is 1.7%.

Proxy advisors such as ISS consider cumulative dilution to be acceptable at 5% and 10% for fast growing companies. The total cumulative dilution as of 31 December 2019 from all outstanding SARs, stock options and STI shares has been calculated based on various simulations in the table in the Compensation Committee Chair's letter on page 8. Note that 3.1 million of the SARs are included already in the EPS dilution.

The conditional capital of 5 million shares that is available at 31 December 2019 covers this requirement and our dilution cannot exceed 8.4% no matter how much the price increases. The maximum is calculated as the number of SARs outstanding including maximum overachievement divided by this plus the number of outstanding shares (i.e. (5,613,241 + 892,526)/(5,613,241 + 892,526 + 70,953,199).

C.7. Contract terms for the Executive Chairman and Executive Committee members

The contractual notice periods of the Executive Chairman, being the sole executive member of the Board of Directors, and members of the Executive Committee do not exceed 12 months; there are no non-statutory severance payment clauses.

In case of a change of control of Temenos AG, all SARs granted will become immediately vested and exercisable provided that their respective vesting period has started. A case of change of control occurs when a third party acquires the control of more than 50% ownership in Temenos AG.

In case of dismissal for cause, all unvested options and SARs are forfeited. In case of termination, conditions vary by role and are described in each plan.

C.8. Compensation elements for Non-Executive Directors

The Non-Executive Directors were compensated in 2019 with a fee for their Board duties, together with a supplementary fee for their role as Chairperson of the Audit and Compensation Committees respectively.

C.9. Foreign exchange impacting the compensation

The largest part of the on-target compensation relates to the long term equity incentive plan. The stock appreciation rights (SARs) price and hence LTIP value is quoted in dollars and as such there is no impact of exchange. However, some Executives are paid fixed and short term variable in currencies other than USD. The exchange rates used for 2021 are the closing rates of 31 December 2019:

USD/CHF: 0.96765
USD/GBP: 0.75846

The amounts proposed for approval are based on the above exchange rates and as a result, the actual USD cost may differ.

D. 2021 Compensation Vote – Explanation of Proposals

D.1. Voting methodology selected

Based on the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (OaEC) and on Temenos' Articles of Association, the Board of Directors proposes to hold separate votes on the compensation of the Board of Directors and the Executive Committee.

We have chosen voting on **prospective** compensation to support attraction, motivation and retention of global talent by ensuring that compensation is approved up front. Prospective voting also allows the Board of Directors to gain valuable feedback in advance of the compensation being committed.

The proposed amounts of compensation for both the Board of Directors and for the Executive Committee are for the full calendar year 2021.

D.2. Compensation for Members of the Board of Directors for the year 2021

VOTE 4.1: The Board of Directors proposes to approve a maximum aggregate amount of USD 7.8 million (CHF 7.6 million) as fixed and variable compensation of the members of the Board of Directors for the financial year 2021.

The Board of Directors proposal for 2021 compensation comprises the below:

the Executive Chairman, subject to re-election at the AGM 2020:

- Andreas Andreades

the Non-Executive Directors, subject to re-election at the AGM 2020:

- Thibault de Tersant, Vice Chairman
- Ian Cookson
- Erik Hansen
- Peter Spenser

and the following proposed Directors, subject to election at the AGM 2020:

- Homaira Akbari
- Maurizio Carli

The table below shows the total maximum amount of compensation of USD 7.8 million for which we request approval for the members of the Board of Directors including the Executive Chairman. The compensation request for both 2020 and 2021 includes the maximum payout for the STI. All figures are shown in USD thousands.

At the 2019 AGM we requested a small increase of 3% in retainer fee however, during our search for new Non-Executive Directors, it became apparent that we needed to realign the non-executive compensation with the benchmark of the SMIM. However, due to the COVID-19 crisis, the request for an increase will be deferred to 2021 AGM.

Year	Fixed fee/ salary	Variable short term incentive (Executive Chairman only)[1]	All other compensation	LTIP (Executive Chairman only)[2]	Total compensation	Employer social security charges	Total compensation including employer social security charges
2021	1,390	970	146	5,147	**7,653**	45	**7,699**
2020	1,487	960	132	5,147	**7,726**	54	**7,780**

1 The variable short term incentive is explained in further detail in section C.3.

2 The LTIP is explained further in section C.4.

The allocation between Executive Chairman and Non-Executive Directors for the fiscal year 2021 is as below. Non-Executive Directors do not receive any short term variable pay nor do they participate in LTIP programs. All figures are shown in USD thousands.

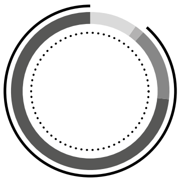
Function	Fixed fee/ salary	Variable short term incentive (Executive Chairman only)	All other compensation	LTIP (Executive Chairman only)	Total compensation	Employer social security charges	Total compensation including employer social security charges
Executive Chairman	647	970	146	5,147	**6,911**	11	**6,921**
Non-Executive Directors	743	0	0	0	**743**	35	**777**

The 2021 proposal for the Executive Chairman compensation is reflected in the chart below, where 88% of the total compensation (short term variable and long term equity incentive) is subject to achievement of performance measures. The Board of Directors believes that the high proportion of variable pay aligns the executive compensation with the long term success of the Company and creation of long term shareholder value.

D. 2021 Compensation Vote – Explanation of Proposals continued

D.2. Compensation for Members of the Board of Directors for the year 2021 continued

2021 Executive Chairman



Fixed fee/salary	10%
Other compensation	2%
Variable short term incentives	14%
LTIP	74%
At risk compensation	88%

D.3. Compensation for Members of the Executive Committee for the Year 2021

VOTE 4.2: The Board of Directors proposes to approve a maximum aggregate amount of USD 28.4 million (CHF 27.5 million) as fixed and variable compensation of the members of the Executive Committee for the financial year 2021.

As announced in February 2020, the Executive Committee has seen some changes:

- Mark Winterburn has taken on the duties of CTO in addition to his duties of CPO, and as such has been promoted to the role of Chief Product and Technology Officer (CPTO) following the resignation of André Loustau,
- Alexa Guenoun has been promoted to President of the Americas and Global Head of Partners following the departure of Thomas Hogan, and
- Colin Jarrett was appointed to the Executive Committee as Chief Cloud and Delivery Officer

Following these changes, the Executive Committee comprises the following members:

- Max Chuard, CEO (Chief Executive Officer)
- Panagiotis "Takis" Spiliopoulos, CFO (Chief Financial Officer)
- Jean-Michel Hilsenkopf, COO (Chief Operating Officer)
- Mark Winterburn, CPTO (Chief Product and Technology Officer)
- Alexa Guenoun, President of the Americas and Global Head of Partners
- Colin Jarrett, CCDO (Chief Cloud and Delivery Officer)

The table below shows the proposed total maximum amount of compensation for the members of the Executive Committee of USD 28.4 million. The compensation for both 2020 and 2021 includes the maximum payout for the STI. All figures are shown in USD thousands.

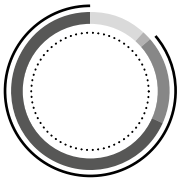
The compensation of the CEO, CFO and COO is the same as that requested for 2020, there is no additional request for these roles. The average compensation per member increased mainly as a result of the addition of the role of President of the Americas and Global Head of Partners. This role is more expensive than the exiting role, largely due to the fact it is in the United States and is an international relocation. Additionally the CPO was promoted to CPTO, a role combining both functions of CPO and CTO.

Year	Salary	Variable short term incentive [1]	All other compensation	LTIP [2]	Total compensation	Employer social security charges	Total compensation including employer social security charges [3]
2021	3,049	4,573	498	17,692	**25,812**	2,555	**28,368**
2020	2,799	4,199	316	16,998	**24,312**	2,867	**27,179**

1 The variable short term incentive is explained in further detail in section C.3.
2 The LTIP is explained further in section C.4.
3 The Articles of Association allow for a 40% increase in the aggregate amount of compensation for new Committee members and promotions of existing members, i.e. up to USD 38 million for 2020.

The 2021 proposal is reflected in the chart below, where 86% of the maximum total compensation is subject to achievement of performance targets (short term variable and long term equity incentive). The Board of Directors believes that the high proportion of variable pay aligns the executive compensation with the long term success of the Company and creation of long term shareholder value.

2021 Executive Committee



Fixed fee/salary	12%
Other compensation	2%
Variable short term incentives	18%
LTIP	68%
At risk compensation	86%

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