TEMENOS

THE BANKING SOFTWARE COMPANY

Temenos AG

Annual Report and Accounts 2021

AT A GLANCE

MAKING BANKING **BETTER, TOGETHER**

Over 3,000 firms across the globe, including 41 of the world's top 50 banks, rely on Temenos to process the client interactions and daily transactions of more than 1.2 billion banking customers.

Temenos software is proven to enable its top-performing clients to achieve cost-income ratios of 26.8%, half the industry average, and returns on equity of 29%, three times the industry average.

Temenos offers the winning combination of advanced cloud-native, SaaS-ready and API-first technology and the richest packaged banking functionality to help banks transform faster with the lowest cost of software deployment.

100% FOCUSED ON BANKING

HIGHEST R&D OVER 28 YEARS

LEADING FUNCTIONALITY, LOCALIZATION, & ADVANCED TECHNOLOGY

SCALING THROUGH PARTNER ECOSYSTEM

PACKAGED PRODUCT, SINGLE CODE BASE

MARKET LEADER, 3,000+ CLIENTS

HIGHLIGHTS OF THE YEAR

GOOD MOMENTUM THROUGH THE YEAR

ARR
+12%
2021 USD 553m
2020 USD 494m

ACV
+66%
2021 USD 57m
2020 USD 35m

SaaS revenue
+29%
2021 USD 124m
2020 USD 96m

Total software licensing
+17%
2021 USD 416m
2020 USD 356m

Maintenance
+4%
2021 USD 395m
2020 USD 381m

Total revenue
+7%
2021 USD 967m
2020 USD 900m

EBIT margin
+0.1%
2021 36.9%
2020 36.8%

Operating cash flow
+16%
2021 USD 473m
2020 USD 406m

Earnings per share
+7%
2021 USD 3.80
2020 USD 3.55

Dividend per share (CHF)
+11%
2021 CHF 1.00
2020 CHF 0.90

EBIT
+8%
2021 USD 357m
2020 USD 331m

2021 non-IFRS financial highlights

- Annual Recurring Revenue (ARR) growth of 12%
- SaaS Annual Contract Value (ACV) growth of 66%
- SaaS revenue growth of 29%
- Total software licensing revenue growth of 17%
- Maintenance revenue growth of 4%
- Total revenue growth of 7%
- EBIT growth of 8% with non-IFRS EBIT margin reaching 36.9%
- Operating cash flow of USD 473 million, up 16% and representing an operating cash conversion of 124%
- Free cash flow of USD 358 million, up 21%
- DSOs ended the year at 117 days
- Profit and cash flow strength support proposed 2021 dividend of CHF 1.00.

2021 operational highlights

- Sales environment gradually improved through the year to normalize by year end
- US continued to perform well throughout the year
- Europe recovered more gradually, with sequential improvement in Q4 21 and healthy pipeline build for 2022
- SaaS was particularly strong, with SaaS ACV growth of 66% driven largely by non-incumbents
- Tier 1 and 2 clients contributed 36% of total software licensing in the year
- Continued investing in R&D and Sales & Marketing to ensure we are well positioned to capture market demand
- Temenos won a total of 63 new customers in the year
- 345 go-lives across all clients in 2021
- Pipeline generation was strong giving confidence in the outlook for 2022.

CONTENTS

THE FUTURE OF BANKING

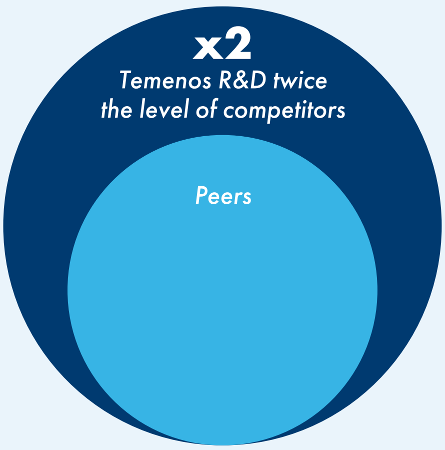
INNOVATION **BROUGHT TO YOU BY TEMENOS**

We live in an era of seismic change, making it harder for banks to stay relevant and profitable. But this is not true for all banks. By leveraging their core assets, and using technology to reinvent themselves, we are helping banks thrive, enabling them to fill a vital gap in people's lives.

Watch the full video at: www.temenos.com

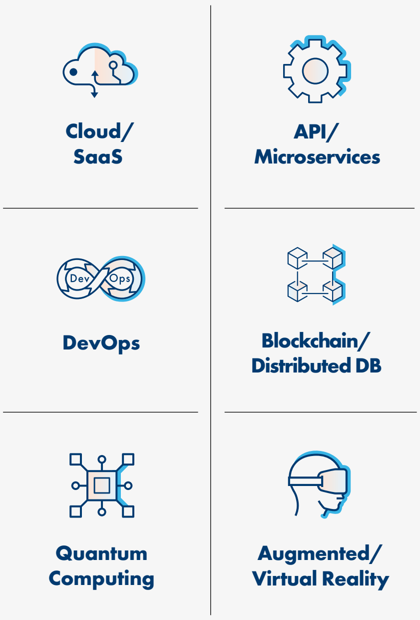
A WINNING OFFERING

THE HIGHEST R&D SPEND IN THE INDUSTRY



INDUSTRY CONTEXT

A number of disruptive technologies are driving change across the banking landscape and influencing the approach banks take to their IT renovation and transformation.



- Cloud, APIs and DevOps have already been widely adopted in industry
- Blockchain and distributed ledgers are leading to the rise of decentralized finance
- And round the corner are quantum computing, AR/VR, which are poised to cause further disruption.

These technologies have also led to the unbundling of the value chain and the rise of new entrants that are changing our target market fundamentally, further accelerated by the impact of Covid. Nimble non-incumbents such as payment providers, e-commerce and technology giants as well as neobank and fintech challengers, with their lower cost operating models and cutting edge customer experience, are attacking both margins and market share of incumbents.

As a consequence Temenos' market opportunity is growing and rebalancing between incumbents and non-incumbents. Today Temenos is an undisputed market leader in the incumbent (traditional) banking market which will still constitute 82% of our addressable market in 2025. We have also strongly positioned ourselves to serve the fast growing non-incumbent segment with our market leadership position within challenger banks, and clients across fintechs, neobanks, platforms and BaaS players.

CAPTURING THE VALUE OF THE CLOUD

The future of banking

Cloud adoption by banks has accelerated since the start of the pandemic, as banks seek to cut costs and ramp up digital transformation projects. But challenges around security, governance and skills remain. What was the state of cloud-based banking in 2021?

What are banks' drivers and strategy for cloud adoption and what barriers do they still need to overcome?

- Just under three-quarters (72%) of IT executives at banks surveyed by The Economist Intelligence Unit report that incorporating the cloud into their organization's products and services will help them to achieve their business priorities
- Business agility, elasticity and scalability are together cited by 40% of respondents as top drivers of cloud adoption
- Yet barriers stand in the way of a wholehearted embrace of the cloud — including security, privacy, compliance and governance concerns. These challenges are leading firms to invest in both technology and talent.

Read the full report online at: www.temenos.com/insights/white-papers-reports/new-eiu-report-capturing-value-in-the-cloud

CHAIRMAN'S STATEMENT

PASSION FOR OUR PEOPLE, CLIENTS **AND FUTURE**

2021 was the second year we operated within the context of the global pandemic environment. While 2020 was all about a rapid response and adjustment to the dramatic changes in lifestyle and work practices, 2021 was characterized by a new normal and a very gradual return to normality. By the end of the year, certain parts of the world were still under severely restrictive Covid measures while others had achieved a return to near normality.

At Temenos we returned to growth from the first quarter of 2021 and sustained this throughout the year. Growth dynamics across regions were quite uneven, with a very successful year for our US business while our European business lagged the rest of the world. We operated with hybrid models of work from home and office presence, but our banking clients started returning to their offices from Q4 onwards. Overall, Temenos had its fastest ever growth year with bookings, our combined measure of business performance across our SaaS and traditional on-premise business, growing by 36%. We are proud of the Temenos team that achieved this in what were difficult circumstances for a second year in a row. As we exited 2021 we reported that we are now observing pre-Covid demand dynamics in our market and the return to business predictability and normality.

2021 was the first full year of fast and sustained growth in the Software-as-a-Service model for our market. The cost of running a bank on SaaS is a fraction of the cost of running legacy on-premise software and so we expect SaaS adoption will inevitably grow quickly. With cloud achieving greater adoption more banks and fintech participants made decisions to proceed with cloud deployments achieving faster time to value for their projects and immense scale in significantly less time than traditional models take. We expect to continue to see a rapid growth in our SaaS business. Our technology and functional product superiority serve us perfectly to establish ourselves as the clear leader in this market as well as the traditional on-premise market. I would like to reconfirm that within six years of launching our SaaS business it is achieving an equivalent size that took two decades for our traditional on-premise business to achieve.

Implementation and adoption of on-premise software also recovered during 2021 and we expect it to continue growing based on the low penetration of third party software within banks.

The growth in our total market for our products is accelerating and is now at 10% with growth coming from all aspects of the business, digital as well as core, wealth, the funds and the payments business. The acceleration is clearly driven by the growth in the cloud and SaaS element of the market which is growing in excess of 28% per annum. These growth dynamics are ideal for Temenos to accelerate growth in future years and in fact Temenos is in an excellent position to service both models. We build and support a single product, a single code set that we run for our SaaS clients and which our on-premise clients run for themselves either using traditional technology stacks or cloud deployments. This unparalleled architectural advantage is what propels us to create a sustainable, profitable and growing proposition for the years to come. Our size gives us the opportunity to be able to afford the investments required to be successful in a fast changing and demanding market while our state of the art modern technology, with more than 28 years of business capability built in our model banks, is the cornerstone of our winning market presence and continuing market share gains.

2021 was the first of probably three years that will see Temenos transition its business to a recurring revenue model that public market shareholders appreciate as advantageous. The acceleration of SaaS together with the shift from term to a subscription license model that we have recently announced to be implemented from 2022 for our traditional on-premise business will result in greater value to our customers and a much more predictable and faster growing revenue line for the long term. We believe this far outweighs the short-term impact of lower growth in our profitability for the next year or so. We are aware that while Temenos has delivered superior shareholder returns over the long term, the last two years have been characterized by lower returns than our peers and markets. At Temenos we are committed to the continued delivery of superior shareholder returns and we hope that the new business dynamics will quickly start to reflect value to our shareholders.

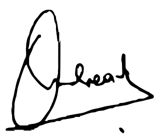
Values and a sense of purpose

During 2021 Temenos embarked on a long journey to fundamentally incorporate Environmental, Social and Governance responsibilities in its business value chain. Temenos was recognized by a number of independent third parties as leading the software industry in our ESG credentials with notable recognitions including the Dow Jones Sustainability Index, FTSE4Good, MSCI AA rated and the Bloomberg Gender Equality Index. We remain committed to being active participants in this conversation, have a realistic sense of purpose in this respect and deliver on a robust ESG agenda that is consistent with business value generation. The fundamental trend in our business towards SaaS and cloud adoption results in a significant shift to greener models and for this reason we are passionate to see this trend established and succeed. We are aware as business leaders that collectively ignoring the business value side of the equation at the expense of green credentials will compromise the success of an orderly transition to a better world.

Underpinning all of these efforts are our people. In Temenos we always had a unique set of values that served us well and projected us to be the leader in our market in our 28-year history. This same set of values, which we call Temenosity, is what allowed us to navigate a very complex 2020 pandemic year and brought us back to growth and success in 2021. Temenosity will ensure we continue to gain market share and deliver successful projects to our clients. Our sense of values is far more important today than at other times given that technology professionals today have a much broader array of career options than before and their skills are highly sought after. While we always need to strive to be competitive in our compensation and employee welfare practices, Temenosity ensures we have the capacity to retain our key people and grow our skill base successfully.

It took us more than 28 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. 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, drive for excellence, energy, enthusiasm, resolve, integrity, commitment, people focus and winning 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. This is of paramount importance during years characterized by significant change.

As we write these words, the world is going through yet another dramatic chapter with war and aggression returning to Europe. We have expressed our solidarity with the Ukrainian people who are suffering the consequences of Russia's military aggression, and are proactively supporting people in need in Ukraine by matching employee donations.



Andreas Andreades
Executive Chairman

"The growth in our total market for our products is accelerating and is now at 10% with growth coming from all aspects of the business, digital as well as core, wealth, the funds and the payments business."

THE NEW TEMENOS CULTURE MODEL

Everyone's banking platform
We power a world of banking that creates opportunities for everyone

The passion to make banking better, together

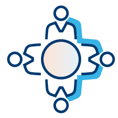
At Temenos, everyone has the power to create their own destiny, and to make a positive contribution to the world of banking and society.

Our Temenosity Values (The 4Cs)
The Values we nurture

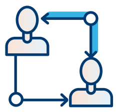
Together we create value for everyone when...

***We challenge** the status quo, try to look at things differently, and drive change*

***We commit** with determination and persistence to make things happen*



***We collaborate** within Temenos and across a broader partner ecosystem*

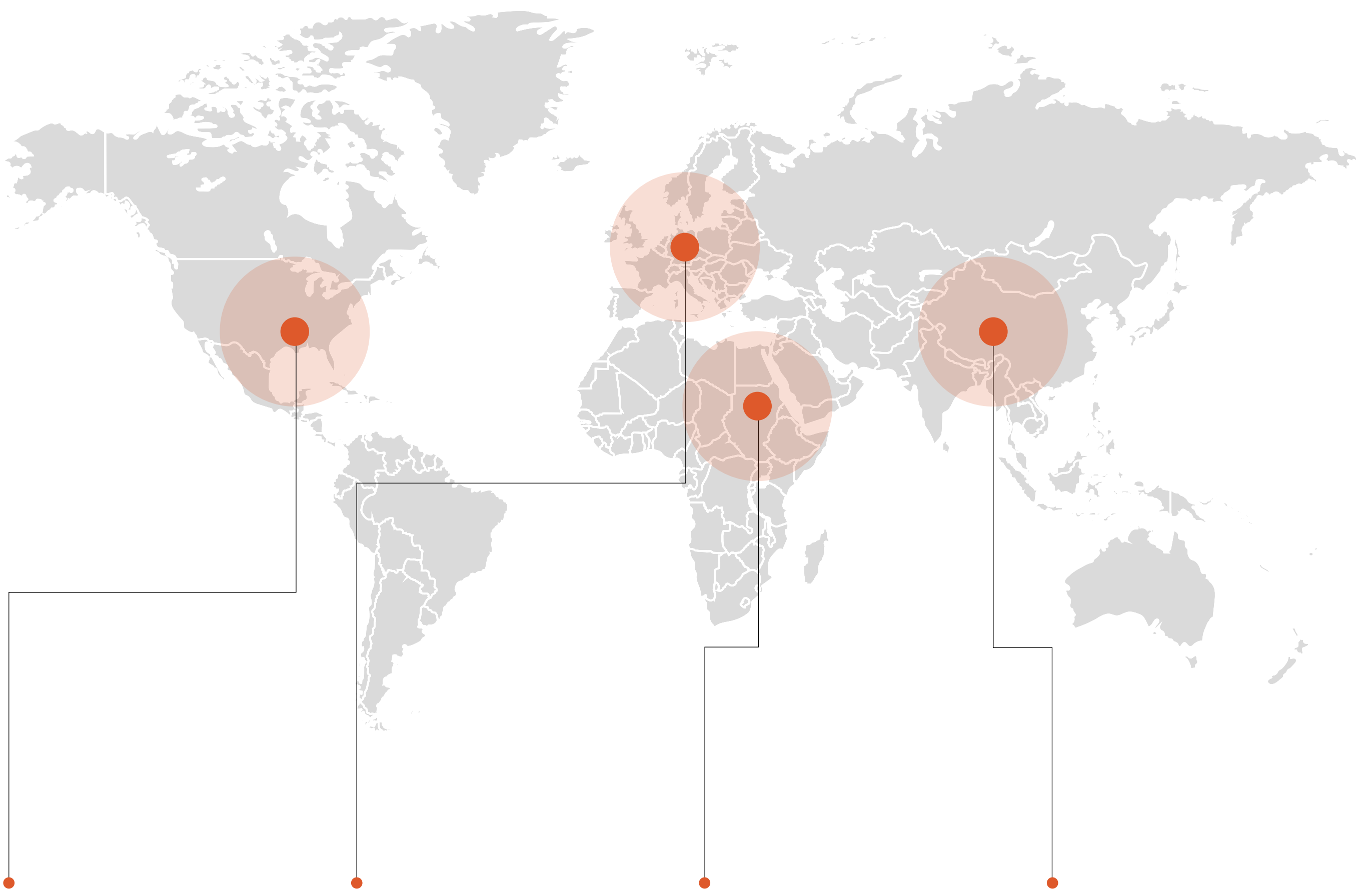


***We care** and listen to each other, our clients, partners and the communities we serve.*

OUR MARKET OPPORTUNITY

GROWING OUR **GLOBAL OPPORTUNITY**

A GLOBAL MARKET FOOTPRINT



	The Americas	Europe	Middle East & Africa	Asia Pacific
Offices in the region	15	20	8	19
Total revenue	29%	31%	20%	20%
Total software licensing revenue	38%	21%	20%	21%

MARKET GROWTH DRIVEN BY STRUCTURAL INDUSTRY DRIVERS

Total addressable market

USD 64bn

Total addressable market 2021

Third party software spend

USD 18bn

Third party spend 2021

USD 26bn

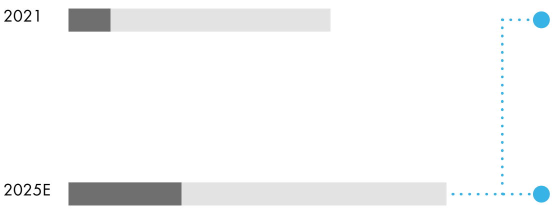
Third party spend 2025E

CAGR +10%

Key

- Core banking
- Digital front office
- Payments
- Fund admin

Third party software spend (SaaS vs license and maintenance)



CAGR +28%
SaaS market 2021-25

CAGR of +5%
On-premise market 2021-25

Key

- SaaS
- On-premise market

Third party software spend (incumbents vs non-incumbents)

CAGR +7%
Incumbents 2021-25

CAGR of +29%
Non-incumbents 2021-25

Key

- Incumbents
- Non-incumbents

Source: IDC, Ovum, Celent, McKinsey, Temenos estimates.

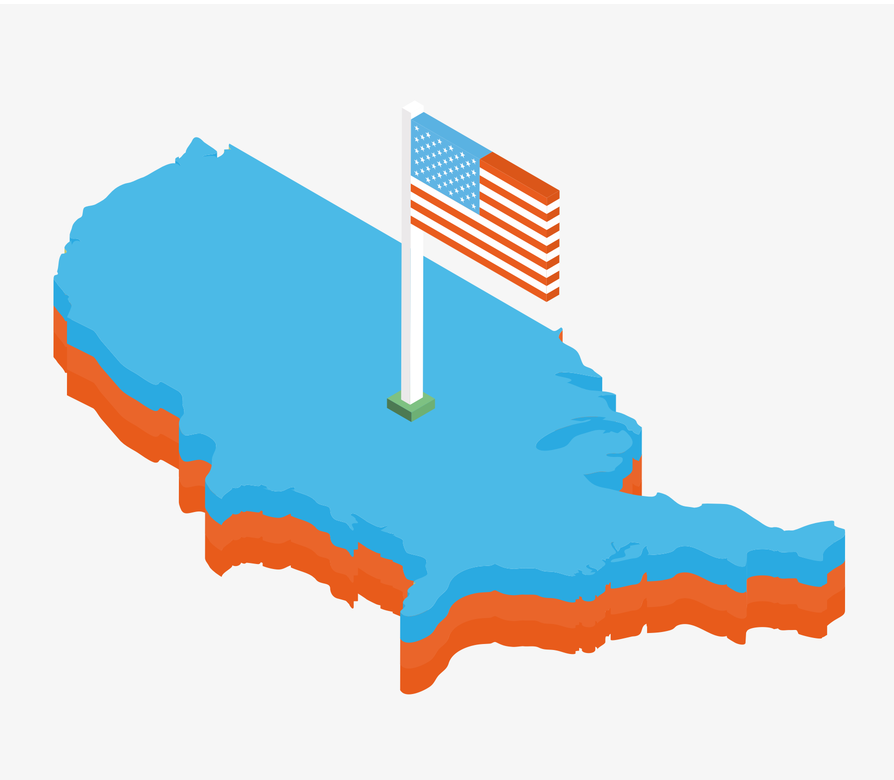
OUR STRATEGY

KEY STRATEGIC INITIATIVES TO DRIVE GROWTH

CONTINUED SAAS ACCELERATION

Our SaaS business has grown at CAGR 36% between 2019 and 2021, with a strong improvement in gross margins. Continued profitable SaaS growth will be driven by:

- Composable banking platform that will cater to needs of all segments and tiers, with self service capabilities allowing clients to click & go thereby driving incremental revenue, faster time to value and greater customer satisfaction
- Deepening partnerships with hyperscalers such as AWS and Azure will support margin improvement through improving commitment-driven pricing
- Continued improvements in SaaS operations, especially around further automation and quality enhancements, in parallel to fast accelerating volumes will further boost margin
- Mid-tier and lower incumbents now moving towards SaaS, with typically higher deal sizes and volumes vs non-incumbents, will support both revenue and margins.



NORTH AMERICA FOCUS

We have made significant progress in the North American market which is showcased by its rising contribution to our overall bookings. We plan to continue our acceleration in the market through:

- Maintaining our advantage in the non-incumbent segment which is showcased by our significant growth in pipeline and a very strong referenceable client base of top challenger banks in the US
- We will be focusing more on Tier 1 banks in the US through our open composable platform, our credibility in the market having delivered transformation projects on US model bank and strategic relationships with partners
- We are also uniquely positioned to drive and shape some of the disruptive trends in the US market like BaaS and BNPL – through our strategic partnerships, expertise and customer base.

INCREASING PENETRATION IN LARGE BANKS

Increasing our penetration in larger banks – the Tier 1s and 2s – is a key focus for us as we see increased spending from these banks on third party software driven by the need to fend off competition from non-incumbents who enjoy lower cost operating models due to the latest technologies they are built on.

We have traditionally enjoyed deep partnerships with large banks globally and have supported the widest range of successful large bank transformation, with 36% of global Tier 1 and 2 banks as our customers:

» Our platform supports the priorities of large banks, including:
  a. the ability to support targeted incremental modernizations
  b. help banks benefit from international expansions quickly and with a standardized operating model, and
  c. seamlessly integrate acquired entities.

» We have increased investments to advance our large bank agenda with dedicated account management, hiring of ex-bankers and Enterprise Architects who have worked at or with large banks, and creation of sales assets and marketing campaigns specifically targeted at larger banks
» We are also focusing on expanding our partnership with top tier consulting firms who work closely with larger banks in order to put forward propositions that best meet the needs of large banks.

PARTNER FIRST APPROACH

Our partner centric model will help us scale revenues and drive growth in new geographies and market segments through:

» Partner led delivery model – partner led configuration & customization and development of reusable components based on extensibility framework & Open APIs
» SCALE program – which will improve time to market for new complementary solutions or platform extensions through working with fintechs. They will create, deploy and monetize their solutions via Temenos Marketplace
» Partner portal & partner academy – to train, communicate with and enable our partners
» Selling with and through partners – to support net incremental sales and scale our sales capability. Some of the key partners who are helping us scale are DXC, Salesforce, Capgemini, IBM, Cognizant, Deloitte, Vodeno and Mbanq.

INDUSTRY RECOGNITION

A MARKET **LEADER**

Gartner[1]
- Recognized as a Leader for the 12th time in the 2022 Gartner® 'Magic Quadrant for Global Retail Core Banking.'

Forrester[2]
- Leader in Forrester Wave for Digital Banking Engagement Platforms, Q3 2021 and Leader in Forrester Wave for Digital Banking Engagement Hubs, Q3 2021
- Leader in Forrester Wave for Digital Banking Processing Platforms (Corporate Banking), Q3 2020 and Leader in Forrester Wave for Digital Banking Processing Platforms (Retail Banking), Q3 2020
- Classed as 'Global Power Seller' for new business for the 15th consecutive year and 'Top Global Player' for new and existing business deals for 9th consecutive year plus first year as 'Top Global Cross-Seller' (new category) in Forrester Global Banking Platform Deals Survey 2021
- Leader in Forrester Wave for Low-Code Development Platforms for AD&D Professionals (Q1, 2019).

Omdia (formerly known as Ovum)[3]
- "Market Leader" in core banking and "Market Leader" in digital banking platforms
- "Market Challenger" in Anti-Financial Crime solutions.

IBS Intelligence[4]
- Ranked best-selling core banking system for the 16th time and top two positions for the past 20 consecutive years
- Ranked best-selling digital banking and channels system
- Ranked best-selling payments system.

Celent[5]
- Temenos' client, Varo Bank, received the Model Bank of the Year Award at the 2021 Celent Model Bank Awards
- Temenos' client, EQ Bank, received the Celent Model Bank 2020 Award for Banking in the Cloud.

IDC (International Data Corporation)[6]
- Winner of 'Agility & Efficiency' category of IDC Real Results Awards 2021 for Temenos & client, Comerica. Temenos also recognized as joint overall winner of IDC Real Results 2021.
- Recognized as a 'Leader' for Worldwide Integrated Payment Platforms
- Recognized as a 'Leader' for North America Digital Banking Customer Experience Platforms for Kony DBX, now Temenos Infinity
- Recognized as a 'Leader' for Know Your Customer (KYC) Solutions in Financial Services and as a 'Major Player' for Anti-Money Laundering (AML) Solutions in Financial Services. Recognized as a Leader in global core banking, European mobile banking and wealth management front and middle office.

Aperture: The Market Map – Best WealthTech Providers 2021[7]
- The only vendor recognized as a Leader and a Transformer (the two highest categories) for WealthTech.

FStech Awards 2021
- Awarded 'Cloud Computing Innovation of the Year' alongside Temenos' client, Flowe.

Aite Group[8]
- Recognized as 'Best in Class' (the highest ranking) for US Digital Banking Solutions of Core Providers
- Recognized as 'Best in Class' (the highest ranking) for Investment & Fund Accounting Systems.

A "Market Leader" in core banking and a "Market Leader" in digital banking platforms.[3]

1 The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Interim Report) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

Gartner, 'Magic Quadrant for Global Retail Core Banking', Vittorio D'Orazio, Don Free, 9 February 2022. (This report was previously titled "Magic Quadrant for International Retail Core Banking" from 2009-2014. Temenos was recognized as Temenos Group from 2010-2013, and Temenos Group (T24) in 2009.)

Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. GARTNER and Magic Quadrant are registered trademarks of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission.

Find sources on page 237

12 times

Recognized as a Leader 12 times[1] in Gartner Magic Quadrant for Global Retail Core Banking

15 years

Classed "Global Power Seller" for new business[2]

16 times

Ranked best-selling core banking system[4]

TEMENOS VALUE BENCHMARK

UNLOCKING BUSINESS VALUE FROM IT INVESTMENT

THE BANKING VALUE CHAIN

Accelerating value creation by measuring and comparing a bank's business performance with banking peers.

The Temenos Value Benchmark (TVB) is a strategic advisory program offered to our clients and prospects to help them understand, accelerate and optimize the tangible business value created by their investment in IT. By leveraging our 28 years of banking domain experience and 3,000 banking clients across 150 countries, we are able to provide our clients data-driven insights into business value creation using a proven value-based methodology.

The objective is to measure and compare a bank's business performance with other Temenos clients, around specific business and IT metrics and best practices along the banking value chain. Participants in the program receive a customized confidential report comparing their business performance with anonymized peer group data from other Temenos clients, including executive-level findings with business and IT insights structured along the banking value chain.

Over 200 quantitative metrics, as well as qualitative best practices are collected from each client to enable us to provide correlations and insights to explain banking performance. The benchmark provides a view on high-performing banks and their adoption of best practices, aligning these with Temenos' leading digital banking solutions, and providing state of the art recommendations throughout the entire banking value chain. It enables banks to identify opportunities for operational improvements in their business in order to derive even more value from their IT investment, by further leveraging Temenos as not just a software provider but as a trusted partner, committed to our clients' success.

Originally intended as a two day on-site consultative engagement, Temenos strategy advisors have adapted to Covid-19 by conducting workshops with the banks' senior business and IT stakeholders through a series of Zoom or Teams calls flexibly scheduled over one to two weeks.

Today, we have 100 banks as part of our community across 60 countries and three verticals (Retail, Corporate, Wealth), we have collected over 45,000 data points and met more than 1,000 senior business and IT executives as part of this initiative.

THE C-LEVEL ENDORSE THE TEMENOS VALUE BENCHMARK

Julius Bär

"The Temenos Value Benchmark is comparing you with other banks that run the same software, it has an operational focus, and it is building your relationship with Temenos. If we do it again over the years, it will give us great insights compared to all the other benchmarks out there."

Thomas Fehr
COO EMEA and Americas
Julius Bär Group AG

ansa MERCHANT BANK LIMITED

"Using the technology we have now and with Temenos Value Benchmark, we are able to pull data we did not have access to in a meaningful way; to customize our products and services, to grow market share, and to deliver a reliable and stable level of performance."

Gregory N. Hill
Managing Director
Ansa Merchant Bank Limited

BK GROUP PLC Financially transforming lives

"Everyone expects Temenos to develop and sell banking software, but don't expect Temenos to consult for you, so it was a nice surprise. The engagement was quite insightful for us, because as a company that develops and supports the implementation of banking software, they have a wealth of insight and information on banks worldwide."

Diane Karusisi
CEO
Bank of Kigali

EQ Bank

"A great example of the value I got from the Temenos Value Benchmark and why I would encourage my banking counterparts to participate in this program, is the metric I received on Page 1 of the report: IT cost as a % revenue. This benchmark metric paid off immediately as it revealed to me the true cost of my IT and how I must continue to optimize and automate as I grow my customer base as Canada's first digital challenger."

Dan Dickinson
CIO
EQ Bank

Croí Laighean CREDIT UNION

"When you see the breadth of the report and information that is there (in the Temenos Value Benchmark report), particularly for somebody of our size, to measure ourselves against an industry standard that we don't even have yet, is just phenomenal."

Paul Kennedy
CEO
Croi Laighean Credit Union

CWB Canadian Western Bank

"The benchmark helped answer questions about our areas of investment that are really relevant to us as leaders of the organization, as well as our Executive Committee and Board members."

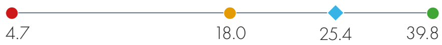
Azfar Karimuddin
SVP, Information Services
Canadian Western Bank

SAMPLE TEMENOS VALUE BENCHMARK REPORT OUTPUT (ILLUSTRATIVE)

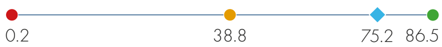
1 Product management
Time to market for new products (# of weeks)

2 Marketing
Digital campaigns lead conversion (%)

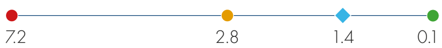
3 Sales & relationship management
Customer growth (%)



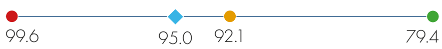
4 Operations & execution
Straight-through processing rate (%)



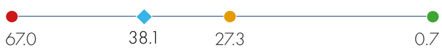
5 Payments & settlement
Error rate (%)



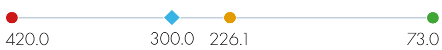
6 Risk & compliance
False positive rate (%)



7 Reporting & analytics
Data duplication (%)



8 IT
End-of-day critical path processing time (# of minutes)



You · Top quartile · Average · Bottom quartile

SOFTWARE

COMPREHENSIVE, CLOUD-NATIVE, **OPEN PLATFORM FOR COMPOSABLE BANKING SERVICES**

Temenos' cloud-native software is delivered on an open platform and Microservices architecture, providing the most comprehensive set of banking capabilities and services on the market. The platform enables the rapid assembly and deployment of capabilities from across Temenos' market leading digital and core banking solutions, as well as the wider solution provider ecosystem.

THE TEMENOS BANKING CLOUD PLATFORM
FOR COMPOSABLE BANKING

PLATFORM USERS

Banks · Enterprises · Solution providers · Fintechs · Systems integrators · Individual developers

UNIQUE PLATFORM CHARACTERISTICS

- Composable services
- Extensibility framework
- Embedded XAI services
- Low-code configuration, workflow and rules
- Multi-entity global processing
- Smart data migration.

Temenos Banking Cloud

EXPLORE
API catalog

DEVELOP
Base camp

DEPLOY & TEST
Sandbox environment

COLLABORATE & SELL
Temenos exchange

TEMENOS COMPOSED BANKING SERVICES
Precomposed services based on capabilities

TEMENOS ENTERPRISE SERVICES
End-to-end solutions for banking segments

TEMENOS BANKING CAPABILITIES
grouped by domains

More on pages 16 and 17

- A Channels
- B Customer engagement
- C Products
- D Operations
- E Business support
- F XAI
- G Risk & compliance
- H Data & analytics
- I Localization

PLATFORM TECHNOLOGY FOUNDATION

- Cloud native
- Cloud agnostic
- Database agnostic.
- Distributed event-driven architecture
- Continuous integration & operations
- Continuous delivery & updates.
- Open REST APIs
- Security.
- Serverless (Function-as-a-service and Knative) Containers (Kubernetes & OpenShift).

Temenos Banking Capabilities are the discreet functional components from across our digital and core banking solutions, aligned to the BIAN service landscape. These loosely coupled, composable banking capabilities provide broad and rich functionality for the end-to-end banking value chain and are consumed by customers in two main ways:

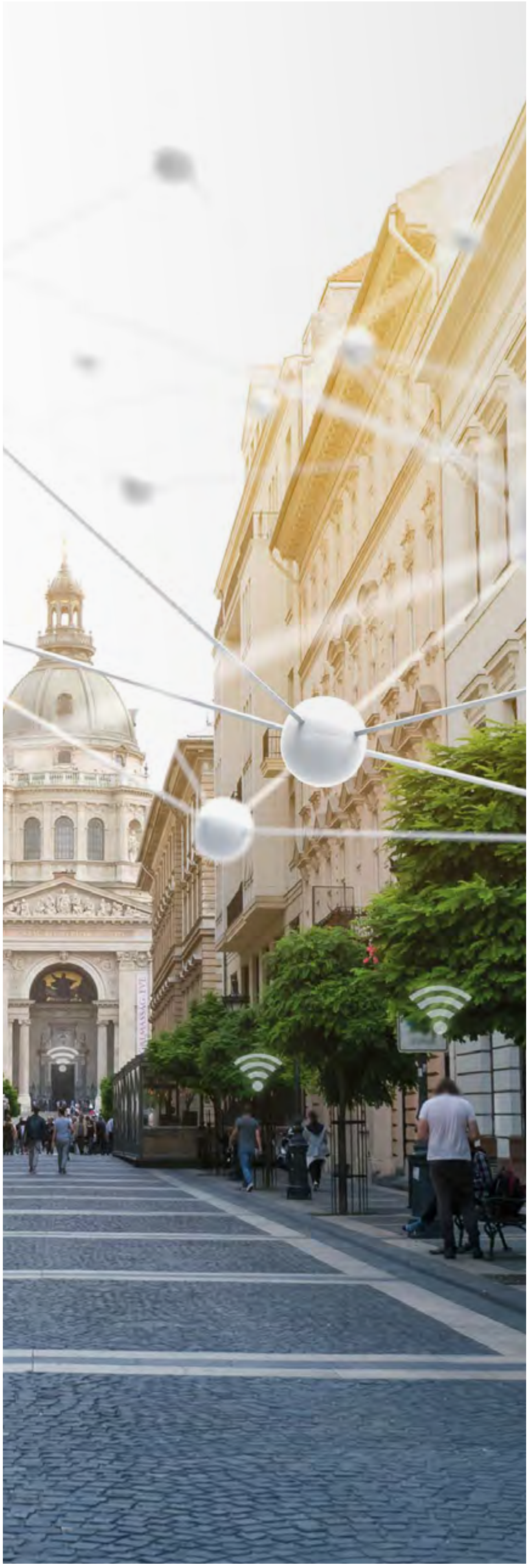
1. **Temenos Enterprise Services:** comprehensive modular enterprise solutions for Core Banking (Temenos Transact) and Digital Banking (Temenos Infinity) delivered standalone or front-to-back and either managed as a service by Temenos, or as a client installation on the cloud, or on-premise
2. **Temenos Composed Banking Services:** pre-assembled banking services, composing various Temenos and third-party banking capabilities into ready-made banking services for banks and non-banks to rapidly address new opportunities and needs in the market e.g. Buy Now, Pay Later.

Both models allow banks to add other capabilities from Temenos and the broader Temenos Exchange ecosystem as needed, ensuring that the products and offers which they take to market leverage the very latest innovations and creative thinking in the industry. The underlying Temenos Banking Capabilities represent the broadest set of banking functionality available in the market, ensuring that our clients can flexibly choose the component product capabilities they need, when they need them, to deliver the personalized and tailored offers demanded by different target segments. This gives banks and non-banks the agility to adapt, whether looking to retain existing customers or to extend their reach to capture new opportunities.

Temenos continuously works with clients and our partner ecosystem to create pre-composed banking services. The various services and capabilities available are designed to be used on a SaaS first basis, via the Temenos Banking Cloud, but can be deployed into a bank's own technology environment or on the public cloud as required, with all major cloud platforms supported by the cloud native platform architecture.

All solutions benefit from embedded DevOps and continuous operations enabled by the platform. This means that updates are made available frequently to clients, with standardized testing for Temenos operated solutions, and cloud-based testing services for banks who run the solutions themselves. This reduces the cost and disruption of upgrades and ensures that new capabilities and features are made available to our clients quickly so they can stay at the leading edge of banking innovation and evolve with customer and regulatory needs.

All Temenos solutions, regardless of whether they are delivered as SaaS or are directly managed by the bank, are provided on a subscription basis.



PRODUCTS

Temenos products provide cloud-native solutions for the end-to-end banking value chain – from digital and core banking, to payments, analytics, risk and compliance.

More on pages 18 to 21

TECHNOLOGY PLATFORM

Technology is strategy. We say this because our SaaS-first technology platform, composable banking architecture and extensibility make banks more agile, competitive and profitable to help them thrive in complex, margin pressured environments.

More on pages 22 to 25

SECTOR SPECIFIC SOLUTIONS

No matter how you provide financial services, or who for, Temenos provides dedicated, sector and segment specific solutions that can be used by banking service providers of all types and sizes.

More on pages 26 to 29

SOFTWARE continued

Temenos Banking Services and Capabilities
Temenos Banking Capabilities cover the full range of customer engagement, banking products and enterprise capabilities, and are the building blocks from which Temenos Banking Services are composed.

Individual capabilities can also be added to existing services or, when needed, can be deployed as part of a larger and more complex pre-existing environment at a bank. This approach extends not only to the capabilities which Temenos provides, but also the capabilities provided by the broader Temenos Exchange ecosystem.

The Temenos Banking Cloud
Temenos has delivered market leading and functionally rich SaaS banking solutions to clients in all geographies and banking sectors since 2011.

Our continued technology investment in this area led to the launch of the Temenos Banking Cloud in 2021. In addition to maintaining our provision of a specialized SaaS delivery for all our product lines on an elastic, pay-as-you-grow basis, the Temenos Banking Cloud also offers:

» A self-service portal to enable customers to be more autonomous
» A sandbox to rapidly explore and test Temenos solutions in a more self-guided way
» The easy provision of Temenos Banking Services, which can be consumed with flexibility and fast time-to-market
» Access to the Temenos Exchange, a marketplace of third-party solutions which can be seamlessly incorporated into services and operations.

Banks and financial services providers can now take an extremely agile approach to innovation, exploring new ideas in the sandbox, and then quickly move to prototyping and into production – safe in the knowledge that the solutions are priced elastically and can continue to be developed upon with real-world feedback. This makes innovation fast and continuous, further supported by continuous delivery, integration and updates which ensure that the latest capabilities and services are automatically delivered to customers on an ongoing basis.

TEMENOS BANKING CAPABILITIES LANDSCAPE
GROUPED BY BANKING SERVICE DOMAINS

F XAI

Retail Scoring
SME Scoring
Wealth Scoring
Retail Customer Management

A CHANNELS

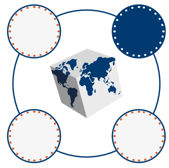
Retail Banking
SME Banking
Corporate Banking
Wealth Banking

B CUSTOMER ENGAGEMENT

Retail Onboarding & Origination
Marketing Campaigns
SME Onboarding & Origination
Orders
Corporate Onboarding & Origination
Product Catalog
Wealth Onboarding & Origination
Party
Relationship Engagement
Holdings

G RISK & COMPLIANCE

RFR
FATCA
Customer Compliance
IFRS Reporting
Financial Risk Management
CRS Reporting



SME Customer Management

Transaction Management

Retail Next Best Product

SME Next Best Product

FCM Outlier Detection

C PRODUCTS

- Product Design
- Securities
- Retail Deposits
- Islamic Banking
- SME Loans
- Instant Payments
- Cash Management & Virtual Accounts
- Local Payments
- Corporate Actions
- Accounts
- Mandates
- E-Money
- Request to Pay
- Corporate Loans
- Product Pricing & Bundling
- Portfolio Management
- Retail Loans
- Inclusive Banking
- Trade Finance
- Payments Execution & Clearing

D OPERATIONS

- Collateral Management
- Collections
- Limit Management
- Funds Authorizations
- Reconciliations
- Local Clearing
- International Clearing
- Payment Repair
- Commissions
- Treasury

E BUSINESS SUPPORT

- Accounting
- Payment Gateway
- Positions
- SWIFT Connectivity

H DATA & ANALYTICS

- Analytics
- Data Lake
- Market Data Management
- Reference Data Management

Watchlists

Know Your Customer

Open Banking Policy Engine

Tax

Fraud Monitoring

AML Monitoring

I LOCALIZATION

- Country Models

SOLUTIONS

PRODUCTS

Temenos' products are independently deployable and are based around a common set of capabilities and design principles to drive increased analytical insight and product agility, and to reduce the cost of operation and ownership. All of them are built and delivered on a single code base so that all clients can benefit from the latest capabilities and feedback into the same set of underlying solutions. Temenos clients gain progressively more benefit when multiple solutions are deployed in an end-to-end manner. The extent to which this is done, and the speed and sequencing of deployment, can be decided by the client to ensure that the software supports business and commercial goals and optimizes return on investment at each phase of delivery.

TEMENOS INFINITY

Temenos Infinity is the platform for business transformation that helps financial institutions to accelerate their digital transformation initiatives, bringing world-class front and middle-office transactional capabilities.

It enables financial institutions to reimagine the way that they engage with their customers – through both digital and physical channels – creating a consistent and seamless experience.

Temenos Infinity is core agnostic and available as SaaS, in the cloud, or on-premises, offering tools and templates to accelerate adoption. It removes the complexity of integrating digital banking services with multiple back-office systems – enabling banks to launch engaging digital solutions, fast, across all banking sectors.

Whether onboarding new accounts, providing an omnichannel experience, offering exceptional service, or a combination of all, Temenos Infinity provides digital banking capabilities that can adapt to any market or strategic change. It's digital banking without limits.

Temenos Infinity digital banking platform

The Temenos Infinity digital banking platform is an open and flexible solution that can power any banks' digital transformation through re-usable front-end components, visual workflow and rules editors, and a robust API orchestration layer. It empowers bank employees with customer admin tools and embedded AI capabilities. The platform is built for change and enables banks to change their front-end every day and stay always on.

Temenos Infinity apps

Temenos Infinity offers a set of pre-built applications for all banking segments (Retail, Business, Corporate, Wealth) as well as solutions for business areas such as Onboarding & Origination, Digital Customer Engagement (Engage) and Real-time Campaigns.

Furthermore, through Infinity Digital for Salesforce, banks can now reinvent the banking experience by combining relationship management and transactional, financial services capabilities on a single platform. The solution enables business transformation in assisted channels, helps banks engage with customers and employees in a whole new way, and delivers an amazing end-to-end experience. The result: a true 360° customer view, 'phygital' engagement and supercharged employees.

Also, in the business banking space, Temenos Virtual COO (VCOO) provides businesses with insight about the health of their operations, such as cash flow predictions that can help them manage better. Using next generation AI, VCOO can empower a business owner to make the right decisions to seize growth.

Temenos Distribution Services

Temenos Distribution Services make it easier for banks to connect their channel delivery solutions to the core product engines which process the underlying transactions. This approach enables banks to make changes more easily to both their front-office and back-office systems, by reducing the number of hardwired connections between the two. Distribution services include capabilities around customer onboarding and product origination, marketing catalog provision, centralized customer holdings and arrangement and consent.

The platform enables our clients to:

- **Increase agility:**
  - Get to market fast with an extensive repository of ready-to-go features
  - Have the freedom to align the open and flexible platform of Temenos Infinity to their digital banking architecture
  - Use any cloud platform of their choice and elastically scale on demand
  - Simplify the connectivity to any core banking system and implement changes fast while managing application development time and costs
  - Leverage advanced micro-services and APIs to create banking apps.
- **Create smart digital experiences:**
  - Create frictionless, personalized, and secure banking experiences to increase customer satisfaction
  - Use data analytics, AI, and smart banking capabilities to provide actionable customer insights
  - Drive stronger customer engagement and loyalty through a multi-channel strategy from native mobile apps, web apps, branch to advanced interfaces like conversational banking and wearable devices.
- **Go beyond banking:** Thrive in a world of Open Banking and fintechs by easily integrating to third party systems or leverage pre-built integrations from the Temenos Exchange. Banks can create their own digital ecosystem and aggregate data from external providers to deliver value added services and open innovation to their clients.

Temenos Infinity enables financial institutions to future-proof their customer relationships by facilitating rapid delivery of exceptional digital banking experiences that keep pace with changing customer needs.

TEMENOS TRANSACT

The world's best-selling, most technically advanced and functionally rich core banking product used by over 1,000 banks in all sectors and geographies, delivered using a cloud-native Microservice architecture to enable progressive and agile transformation and hyperpersonalized, intelligent banking services.

Temenos Transact is the market leading core banking product. The breadth and depth of the product's capabilities have grown over the years, helped by the Temenos policy of maintaining a single functional code base across all products. With more than 28 years of investment and deployments in over 150 countries, the product captures the learnings and collective wisdom of the world's leading banks, making this available to any Temenos client who uses the software. The policy of adopting enhancements back into the product continues, ensuring that any bank with a subscription license for the software can continue to enjoy the future investment which Temenos makes into the product.

Temenos Transact is delivered using the cloud-native, SaaS-ready, and open architecture which is common across all Temenos products. This enables Temenos and our customers to deploy the software on all the major cloud platforms and take advantage of the elastic scaling capabilities they provide. The product's capabilities are loosely coupled and can be delivered as a series of independently deployable Microservices or banking capabilities, which enable discreet functional elements to be consumed independently, deployed seamlessly with a bank's existing infrastructure, and assembled with other capabilities over time as part of ongoing transformation initiatives and cloud migration strategies.

Recently delivered Microservices include Temenos Enterprise Pricing which enables banks to make use of Temenos Transact's market leading product design and pricing capabilities without needing to replace their existing core systems.

This approach uses the extensive set of Open APIs to connect to other systems quickly and in an agile manner, enabling banks to engage in more flexible transformation projects which offer quicker time to value.

Temenos Transact also benefits from other integrated functionality and technology from Temenos such as data and analytics and the latest enhancements to the Temenos technology platform. These include the increasing exposure of Temenos Transact's Open APIs in the growing API catalog, and the new extensibility framework which delivers embedded DevOps for continuous delivery and integration.

The product offers support for almost all sectors of banking, including Retail, SME, Corporate, Wealth, Inclusive and Islamic Banking segments. The functionality is designed for global use and enhanced by the ever-growing number of Country Model Bank configurations maintained by Temenos, which provide packaged support for regional banking requirements.

TEMENOS PAYMENTS

A universal end-to-end payments product built on cloud-native and cloud-agnostic software, with built-in support for ISO 20022 and the increasingly important Instant Payments schemes around the world.

Temenos Payments is a uniquely flexible payment offering that gives banks full, real-time control over payment operations, an integrated customer service experience and a centralized solution to drive cost efficiencies and aid risk management. Our payment hub is designed to process domestic and international payments, via a single solution, for any region. Extensive tooling enables new payment channels to be addressed easily and quickly. Recent investments have added the latest support for real time payments in Europe through TIPS and Request to Pay capabilities.

Our auto-repair solution allows banks to reach Straight-Through-Processing rates of 97% and higher and payments clients benefit from increased efficiency and profitability through:

» A complete, single solution
» Wide range of payments products supported, including Instant Payments
» Transparent, 360° view of transactions
» Unique weight-based processing supporting payment prioritization
» Agile, parameter-driven platform flexibility
» Full operational and technical control
» Conditional rules; avoiding the complexity of multiple connections and high-risk programming
» Flexible deployment as a standalone product or fully embedded within Temenos Transact.

SOLUTIONS continued

PRODUCTS CONTINUED

TEMENOS MULTIFONDS

A single, global platform to help the world's leading fund administrators, asset managers, insurance companies and pension funds achieve increased operational efficiency, whilst reducing risk.

Temenos Multifonds is used by nine of the top 15 global fund administrators, as well as other leading institutions around the world to administer, service and value assets, as well as support the full investment lifecycle.

Our unique, cloud-native, Explainable AI (XAI) enabled solution helps our clients consolidate fragmented legacy systems and deliver operational efficiency, improve control and oversight, and reduce operational risk.

» **Investment accounting:** supports traditional and alternative funds, and combines key asset servicing, position keeping, valuation and accounting functions for all structures of pooled vehicles and funds, across multiple jurisdictions
» **Investor servicing and transfer agency:** brings together functions such as investor onboarding and due diligence, cash management, distribution fees and retrocessions, performance fees, data protection and tax under a single platform, to increase operational efficiency, reduce risk and deliver a consistent client experience.

ANALYTICS

Transact Data Hub, Temenos Data Lake, and Temenos Analytics are market leading big data, reporting, and analytics solutions for banks.

We provide banks with modern, real-time, cloud-native data and analytics solutions that allow them to innovate faster, become more efficient, and enhance profitability. We provide high-quality, open, and accessible data and truly embedded financial, customer, product profitability, and digital analytics.

In 2021, we saw significant growth in the Data and Analytics business, growing license bookings by almost 50% and doubling SaaS sales compared to 2020. We also added substantial new product capabilities to the portfolio and extended our integration of big data and analytics capabilities directly into Temenos Transact and Temenos Infinity. An example of this was the successful go-live of the Virtual COO product at Canadian Western Bank (CWB), where Temenos Data Lake and Temenos Analytics played a foundational role in integrating and analyzing open banking data. CWB was one of the multiple go-lives for our data and analytics products in 2021.

Temenos Data and Analytics products are industry-leading, banking-specific solutions that provide clients with the foundational capability for next generation innovation. Highlights include:

» Near real-time streaming access to all data within Temenos solutions that scale to the largest customer volumes
» Ability to integrate and combine banking and non-banking data sources enabling new, value-added, digital banking applications such as VCOO
» Low cost, cloud-native SaaS solution which can be rapidly deployed, providing faster innovation and time to value
» Real-time customer insights enable true personalization of financial services to individual customers
» Real-time data enables enhanced financial and risk analytics, which enhances overall bank returns and profitability
» Integrating analytics into banking processes and decisions, ensuring maximum process efficiency and automated decisioning.

FINANCIAL CRIME MITIGATION

A uniquely flexible range of intelligent and versatile solutions covering watchlist screening, anti-money laundering, fraud prevention and KYC, to help banks enhance detection and reduce cost.

Temenos' award-winning Financial Crime Mitigation solution enables banks and financial institutions of any size and in any region to avoid regulatory fines, detect fraud and mitigate reputational risks whilst improving throughput and optimizing Total Cost of Ownership, all in line with the banks' risk-based approach. Available as a service on the Temenos Banking Cloud, our clients benefit from increased efficiency and profitability through:

» Supporting a risk-based approach to compliance
» Improved customer protection and trust
» Protection against fines and fraud loss
» Reduced risk
» World-class performance and throughput
» Industry-leading levels of detection and false positives
» Improved operating cost through investigator efficiency
» With our solution, banks can secure their reputation against financial crime, affording their customers the best service and protection at the same time as reducing overheads and cost.

RISK AND COMPLIANCE

Enabling financial institutions to remain compliant whilst focusing on business growth and digital transformation.

Our Risk and Compliance product enables financial institutions to navigate the complex regulatory landscape to remain focused on serving customers, creating innovative products, and improving profitability.

The Risk and Compliance product family offers software and services for:

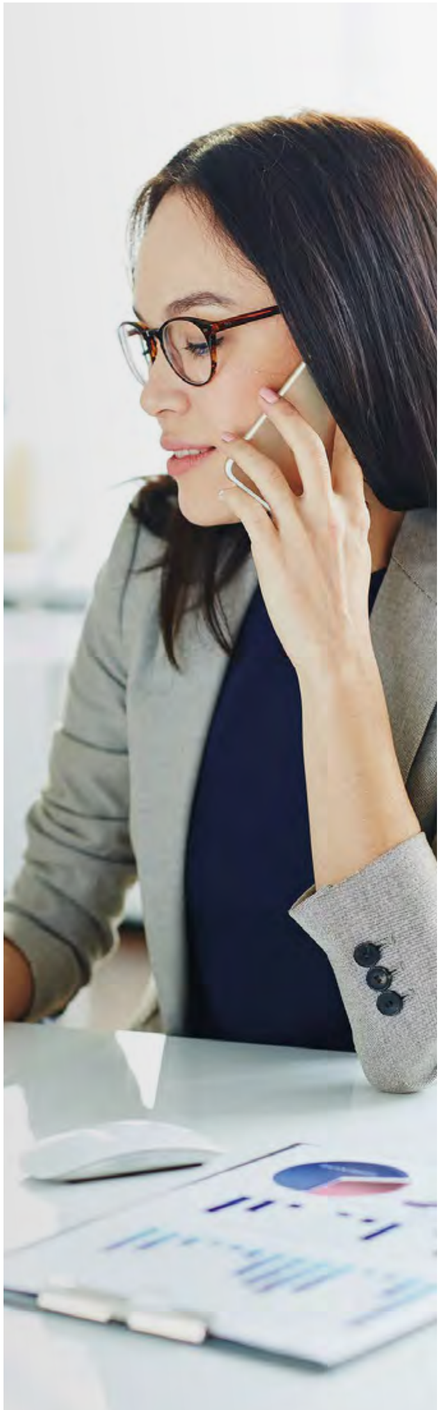
» IFRS 9
» FAS91
» CRS
» Financial Risk Management
» FATCA
» Open Banking (PSD2)
» Customer Data Protection (GDPR)
» Qualified Intermediary (IRS)
» Definition of Default (EBA, COBAC)
» Account switching (Netherlands, Italy)
» Compliance advice
» Audits
» Social media monitoring.

With our products, organizations can reduce exposure to risk and minimize losses while enabling compliance with regulatory mandates. In this challenging environment, there is tremendous pressure to maintain and grow profit margins despite challenges associated with new consumer demands, non-traditional competitors, and heavy regulatory burdens. Proper compliance practices, supplemented by products and services from Temenos, can help financial institutions avoid penalties, fines, and reputational risk, ensuring profitability and success.

COUNTRY MODEL BANKS

Packaged country-specific functionality, based on deployments in over 150 countries enabling banks to go-live quicker and to focus on areas of competitive advantage.

With our extensive experience of client implementations, we have packaged country-specific localizations, including compliance with regulations and local payment systems, into reusable country platforms. We currently offer functionality that is drawn from over 150 countries' requirements.



TECHNOLOGY PLATFORM

Our solutions are delivered on Temenos' composable banking services architecture, underpinned by a cloud-native, cloud-agnostic and open technology foundation, helping banks to reduce their TCO, increase scalability and deploy rapidly on any cloud. Our banking capabilities and services are API-first and leverage embedded AI. A new extensibility framework empowers the partner and fintech ecosystem to co-innovate, co-create and co-monetize in collaboration with Temenos and our clients. It also provides the basis for an evergreen architecture enabling customers to continuously benefit from the most recent software, and to extend solutions safely, without impacting operations.

CLOUD-NATIVE AND CLOUD-AGNOSTIC

A cloud-native and cloud-agnostic approach for real-time, non-stop banking.

Temenos provides banks with an architecture designed to support digital transformation and provide the flexible experiences demanded by today's digital customers.

Elastic scalability eliminates the need to provision for peak processing volumes so that banks only pay for actual usage, yielding significant cost savings. Temenos' cloud-agnostic approach enables the highest levels of long-term resilience and redundancy without creating a dependency on a single cloud service provider. This is a key Temenos strategy and an answer to regulatory concerns.

Cloud-native

Designed for the digital banking age, our software allows faster updates, lower provisioning, lower infrastructure costs, elastic scaling, active-active resilience, and security. This is built using API-first and DevOps principles and engineered to deploy in containers and Microservices.

Cloud-agnostic

We are the only banking platform readily available on Ali Cloud, Amazon Web Services, Google Cloud Platform, Huawei Cloud, IBM Cloud and Microsoft Azure. With Temenos, institutions can deliver on-premises, cloud-like deployment using Kubernetes technology and open solutions such as RedHat OpenShift.

DISTRIBUTED EVENT-DRIVEN ARCHITECTURE

The foundation for truly composable banking services.

Temenos Banking Capabilities are defined by their message schema which ensures that they are loosely coupled through an event driven architecture. This means that the breadth of capabilities available on Temenos' open platform can be updated independently, eliminating the problems of distributed but monolithic solutions.

By delivering Temenos capabilities in this way, customers can upgrade with ease and rely on the agility they need to transform step-by-step, deliver high speed change and significantly reduce time to market and value.

MICROSERVICES AND CONTAINERS

Efficient scalability built around a containerized deployment model.

Temenos transforms the traditional approach by packaging our software capabilities as independently scalable Microservices that can be rapidly deployed – either standalone, or in combination. This enables banks to make high-impact changes frequently, predictably, and seamlessly: coding in the morning and consuming in the afternoon. By exposing these banking capabilities as APIs in the cloud, our clients benefit from the easy plug and play integration to both existing environments as well as to an ecosystem of partners, developers and fintechs in the Temenos Developer Community.

This can be of particular use in large transformation programs where banks can go-live progressively, demonstrating value at every step and ensuring that the payback period is both initially shorter and drives cumulative value. It also means that it is easier for long strategic programs to be flexed as business needs change.

Independently deployable
Components can be added, managed and scaled independently based on each bank's requirements, speeding up the change process. Decoupled services can be written in the best language for the task – all harmoniously coexisting and delivering a resilience not experienced in monolithic systems. Each component functions in a self-sufficient manner, meaning that they can be deployed on a standalone basis either as part of a phased implementation process or for long-term independent operation.

Elastic scalability
The Microservice architecture introduces highly efficient elastic scaling capability, automatically provisioning resources to perfectly match demand upwards or downwards. This improves the service ROI as overprovisioning resources become a problem of the past.

Organized around business capability
Services are developed to fulfill specific business objectives and desired customer experiences, meaning banks can organize development teams around business capabilities, rather than technologies.

Distribute development workload
The independence of components eliminates the issues of productivity and speed by decoupling applications into manageable services that are faster to develop. Different teams can independently and simultaneously develop components, enabling faster project delivery and better quality.

SOLUTIONS continued

TECHNOLOGY PLATFORM CONTINUED

API-FIRST

Temenos' Open APIs allow banks to integrate quickly with a wide range of internal or external systems to help drive product and service innovation.

Temenos' Open APIs enable banks to execute strategies to thrive in an age of open banking and finance. Temenos' approach enables banks to meet regulatory requirements such as PSD2, through predefined APIs that meet published specifications such as Berlin Group, STET, etc. We enable banks and fintechs to innovate at speed, with a growing developer community, low-code integration resources and a complete catalog of interactive API endpoints to build innovative products and services on top of our open platform and banking capabilities. Furthermore, banks benefit from the ability to enrich their offering to customers through the integration of new fintech technologies using Temenos Exchange.

API-first

Temenos offers an API-first architecture across our entire product range. This means that all significant product capabilities are exposed as standard, documented Open APIs and this forms part of the design and release process.

Temenos Developer Community

Our Open API Catalog brings standardized out-of-the-box APIs to fast-track innovation, supported by Temenos experts and a growing developer community with dedicated online support and resources.

EXTENSIBILITY FRAMEWORK

Extend and test solutions safely to de-risk change and empower banks and the ecosystem to co-create new IP.

The extensibility framework enables banks, partners, and solution providers to easily extend and configure solutions for their business needs, whilst protecting the reliability of Temenos software and the ability to upgrade seamlessly over time. Customers, partners, and solution providers can configure extensions with minimum effort to rapidly address localization requirements while developers and ecosystem partners can co-innovate, co-create and co-monetize leveraging our open capabilities. A low-code environment and tooling enhances the developer experience and ensures consistency across the software development lifecycle, while democratizing development using the most widely used open-source programming languages, including Apache Camel and Python.

Continuous operations

The extensibility framework embeds DevOps to enable high-impact changes to be made frequently and predictably with minimal toil. It enables continuous updates, continuous integration and delivery and unmatched resilience that comes with release validation tests provided with every capability deployed and updated on the platform.

Continuous updates are a core tenet of cloud utilization. DevOps teams delivering on continuous integration can expedite project delivery timelines through self-service and self-management environments and tools, controlling the pace with which development plans progress, from configuration to full testing.

Embedded DevOps provides banks with the ability to manage, configure and assemble Temenos software – either fully deployed and supported by Temenos Banking Cloud, or utilizing their own cloud infrastructure.

Increased stability

Temenos uniquely provides high-value release validation tests as part of every banking capability delivered on the platform, powering highly resilient updates and integrations for both Temenos Capabilities and pre-integrated third-party solutions on the Temenos Exchange. Banks can rely on the same continuous integration and delivery processes Temenos uses internally – running hundreds of thousands of tests daily – to optimize processes and workflows.

AI & MACHINE LEARNING

The most advanced next-generation Explainable AI and Machine Learning enabled banking products embedded in the Temenos Banking Cloud.

Temenos is the first to bring transparency and explainability to AI automated decision-making in the banking industry. Our patented Explainable AI (XAI) platform and Machine Learning capabilities are embedded in the Temenos Banking Cloud and available with all Temenos software either through an easy-to-use interface or through APIs delivered on-premises, in the cloud or as a SaaS offering. By embedding AI and Machine Learning into our products, we have accelerated the release of explainable models that will underpin new AI use cases that focus on creating seamless customer journeys and automating manual processes with self-learning capabilities.

AI permeates Temenos products

AI capabilities are embedded in multiple areas within Temenos products including Fraud Detection, Payment Exceptions, Customer Engagement & Cross-Selling, Collections Optimization, Tailored Pricing, and an active ongoing roadmap for enhancing Robo-Advisor.

Explainable AI (XAI)

Temenos' XAI platform addresses one of the key issues for banks using AI applications, which is that they typically operate as 'black boxes' offering little if any discernible insight into how they reach their decisions. We bring cutting-edge innovation to the banking industry by providing transparency into these decisions and helping explain clearly, in plain language, to customers and regulators how AI-based decisions are made.

Smart Data Lake

The XAI platform, fully integrated with the Temenos Data Lake, gives banks a real-time, end-to-end Smart Data Lake, offering higher quality and richness of data through multiple sources. This means that banks can make faster, more accurate and explainable decisions driven by AI algorithms.

Enterprise-wide value

Temenos embeds AI and Machine Learning capabilities into our banking platform so banks can realize value across the entire enterprise to provide individualized customer experiences and maximize straight-through processing with limited or no human intervention in all areas of the bank.

DISTRIBUTED DATABASE

Engineered to use distributed database technology.

Traditional relational databases are not always able to gain the maximum benefits from the cloud. Temenos products support distributed databases, natively designed, and optimized for the cloud, providing a data management architecture that extends the competitive advantages gained by cloud adoption. This means that banks can benefit from unlimited processing capacity, auto-elastic scalability, and the highest levels of active-active resilience across data centers, geographies and cloud platforms.

Elastically scale-out

Distributed database technology allows banks to elastically scale-out, as needed, in a linear fashion without incurring the disproportionate scale-up overheads of legacy database approaches.

Achieving zero downtime

Inherently designed for reliability from keeping the application up, running, and available for resilience and automated redundancy in a single data center, to an active-passive architecture for disaster recovery, or even an active-active database across multiple availability zones.

Reduce cloud computing cost

A distributed database optimizes hardware utilization, automates redundancy, and reduces disaster recovery overhead, effectively reducing costs while improving performance.

SOLUTIONS continued

SECTOR SOLUTIONS

RETAIL BANKING

Temenos provides retail banks with agility and freedom to innovate front-to-back using the latest cloud and API technology and leveraging the broadest set of composable banking capabilities.

Every institution which provides retail facilities, whether they are a bank, a credit union, an embedded finance provider, or an inclusive finance institution, is focusing on the acquisition of new customers and increasing wallet-share of existing customers. This requires a front-to-back approach to transformation, complete with AI-driven customer insight and a flexible product engine to offer customers more personalized, relevant experiences and services, embedded at the point of need.

Temenos' agile Retail Banking solution comprises Temenos Transact and Temenos Infinity, delivered as an integrated enterprise software solution, or capabilities therein provided as pre-composed Retail Banking services for banks of all sizes across the globe.

Temenos Transact's Retail Banking capabilities include a functionally rich, flexible, and agile core processing engine that enables institutions to offer personalized, customer-relevant products, while allowing for lower operational costs and increased ROE.

The solution helps our clients to:

» Increase cross-selling with an integrated product catalog that helps to target products and new customers
» Get to market first with new products, created quickly
» Create product offers and reward schemes that are personalized and flexible
» Cover all Retail Banking product areas with broad functionality
» Combine comprehensive capabilities easily to create innovative and focused products
» Use data and analytics to understand clients and business better and produce more relevant offers.

Temenos Enterprise Pricing has recently been launched as a separate pricing and product engine which leverages the capabilities which have been built in Temenos Transact over time to allow banks to launch new and personalized products quickly, regardless of the underlying core systems and digital channel solutions. It can be deployed on a completely standalone basis to help banks better leverage their existing technology landscape, or as part of a phased transformation program. Temenos Enterprise Pricing enables our clients to:

» Create new products and offers for retail customers
» Leverage the capability of existing core platforms, whilst also extending the product design capabilities in the bank
» Create personalized products which bundle capabilities spread across multiple systems, including those outside of the bank
» Improve customer wallet share by responding to market opportunities quickly with 'package' products
» Manufacture products designed to appeal to previously unaddressed market sectors, hence enabling customer acquisition campaigns.

In addition, new pre-composed Retail Banking services have been made available for banks and financial services providers, including an AI powered Buy Now Pay Later service which can be consumed on the Temenos Banking Cloud to capture the growing opportunity in unsecured short-term lending.

Temenos Infinity for Retail Banking removes the complexity of day-to-day banking activities and puts people in control of their financial lives. It provides a complete digital platform for retail banks covering the entire customer lifecycle from customer onboarding, to account opening and digital servicing. It delivers digital applications and outstanding customer experiences across every channel such as native mobile apps, web apps and wearables.

The solution helps our clients to:

» Connect and engage with customers and deliver valuable personalized insights
» Provide exceptional omnichannel experiences to their customers
» Accelerate Retail Banking growth by acquiring new customers and increasing share of wallet via digital sales
» Get to market fast and contain costs while accelerating growth with an open and flexible platform built for change
» Create frictionless, personalized, and secure banking experiences to increase customer satisfaction
» Thrive in a world of Open Banking and fintechs with digital ecosystems and open innovation.

Whether a bank is a new start-up looking for its first solution, or a large-scale multi-country bank, the software provides a solution which will enable it to scale, onboard, reduce attrition and deliver a market leading service to its customers.

Furthermore, through Infinity Digital for Salesforce, Temenos and Salesforce have joined forces to bring together the #1 digital banking platform with the #1 CRM platform. Banks can now reinvent the banking experience by combining relationship management and transactional, financial services capabilities on a single platform. The solution enables business transformation in assisted channels, helps banks engage with customers and employees in a whole new way, and delivers an amazing end-to-end experience. The result: a true 360° customer view, phygital engagement and supercharged employees.

BUSINESS BANKING

Temenos provides banks who offer solutions for SMEs and growing businesses with flexible account and lending services to enable businesses to thrive and scale to meet their goals.

Every bank providing solutions for businesses of any size needs to easily acquire new customers and allow them to scale as their business grows. This requires a front-to-back focus for basic banking services plus the need for lending facilities, complete with high levels of AI-driven customer insight to help them manage their business better.

The Temenos Business Banking solution is an integrated banking software solution for banks offering services to businesses of all sizes across the globe.

Temenos Transact supports Business Banking with a functionally rich, flexible, and agile core processing engine that enables institutions to offer scalable and flexible products.

The solution helps our clients to:

- Cover all SME and Business Banking product areas with broad functionality for organizations of any size
- Combine comprehensive capabilities easily to create innovative and focused products that allow a business to grow
- Enable innovative pricing schemes for distinct propositions.

Temenos Infinity enables businesses to stay on top of their day-to-day banking needs. It provides a complete digital platform for business banks covering the entire customer lifecycle from customer onboarding, account opening, and lending to digital servicing. It delivers digital applications and business approval flows across native mobile and web apps.

The solution helps our clients to:

- Provide omnichannel experiences to their range of customers
- Accelerate SME banking growth by acquiring new customers and increasing share of wallet via digital lending
- Scale a business from a sole trader to larger growing business with international operations
- Put control in the hands of the business to manage its users and approvals to ensure the right user is performing the role they need.

The solution provides a firm with insight about their business, with the new Virtual COO capability offering intelligent insight into areas such as cash flow predictions that can then help them manage the business better. Using next generation AI, our solutions can empower a business owner to make the right decisions for the growth of their business.

Whether a bank is new to the SME segment, or already offering solutions, Temenos software will enable it to scale, onboard, reduce attrition and deliver a market leading service to its business customers from sole traders to commercial clients.

SECTOR SOLUTIONS CONTINUED

CORPORATE BANKING

Assemble cross-product line solutions for corporate customers linking directly to their financial systems and broader ecosystems using Open APIs.

The Temenos Corporate Banking solution, with its scalable innovative technology, provides superior features for corporate banks, supporting profitability, customer acquisition and retention. Now, bank customers can benefit from quality digital solutions to equal their retail experiences, for all their corporate and commercial banking needs.

Our solution is divided into three main areas:

Corporate lending

Temenos offers a complete solution for a bank's corporate lending needs. A comprehensive front-to-back credit solution which extends from origination to facility design and management provides for the efficient set up of new facilities using the inbuilt pricing grid and an extensible set of standardized covenants and lending terms which can be applied at initiation or change in the credit cycle. The solution supports both bilateral and club loans and can be used to address both the Business Banking and Corporate Banking sectors.

Cash management

Temenos provides a full set of cash and liquidity management tools, ranging from tradition auto-sweeping and balance maintenance capabilities to virtual account processing. These are accessed by means of sophisticated user design tools, to make the process of creating and managing complex hierarchies easier and more efficient.

Trade finance

There is support for a wide range of trade finance instruments, enabling banks to provide a full service to their customers who trade internationally.

Temenos' Corporate Banking customers benefit from increased efficiency and profitability through:

- » A full, complete, single solution
- » Transparent, single view offering a 360° view of accounts
- » Agile, parameter-driven platform flexibility
- » A product builder to quickly create segment customer level products
- » Full control
- » Insight into customer profitability, loyalty, attrition risk and number of products for targeting activity
- » A massively scalable, straight-through processing solution
- » Comprehensive business functionality and a modern, advanced, secure, open, modular architecture
- » An automated, digital solution without the need for cumbersome paper-based processes.

WEALTH MANAGEMENT

An end-to-end, componentized solution empowering wealth managers, private banks, and their clients with the latest technology.

With a strong client base, including some of the largest global private banks, Temenos Wealth is the de facto software solution for the Private Wealth Management industry. It provides differentiation with superior digital and front-office capabilities, TCO reduction through core automation and cloud technology, and the ability to digitally transform firms through real-time, front-to-back integration.

Temenos Wealth is an end-to-end solution covering all a firm's needs, from self-service channels to portfolio management to back-office processing and market data management. It is unique in its breadth and depth, with digital customer experience, hyper-personalized services, and highly automated processes that enable our clients to service Ultra High Net Worth Individuals and Mass Affluent clients alike. Its composable architecture, available as-a-service or on-premise, the standard integration to Temenos Transact and the wider Temenos ecosystem make it the ideal solution for firms who seek to grow in a highly competitive environment, while protecting their margins.

In a sector undergoing considerable changes, Temenos Wealth helps our customers tackle the most urgent challenges with substantial benefits:

- » Higher engagement through an exceptional customer experience
- » Growing revenue from differentiating investment services and efficient portfolio management
- » Lower costs with highly automated back-office operations
- » Risk mitigation with enhanced data quality and regulatory compliance functions.

FUND ADMINISTRATION

Offering fund administrators, asset managers, insurance companies and pension funds a complete solution to thrive in the digital age and deliver greater operational efficiency, improve control and oversight, and reduce operational risk.

» Supports investment book of record (IBOR) and fund accounting (ABOR) activity with a single, global platform
» Sophisticated, highly automated workflow, to drive enhanced scalability and efficiency
» Unique Explainable AI (XAI) enabled exception management, to reduce false positives and enable accounting team to clear exceptions more efficiently
» Leveraging the latest cloud-native, cloud-agnostic technologies to scale with demand.

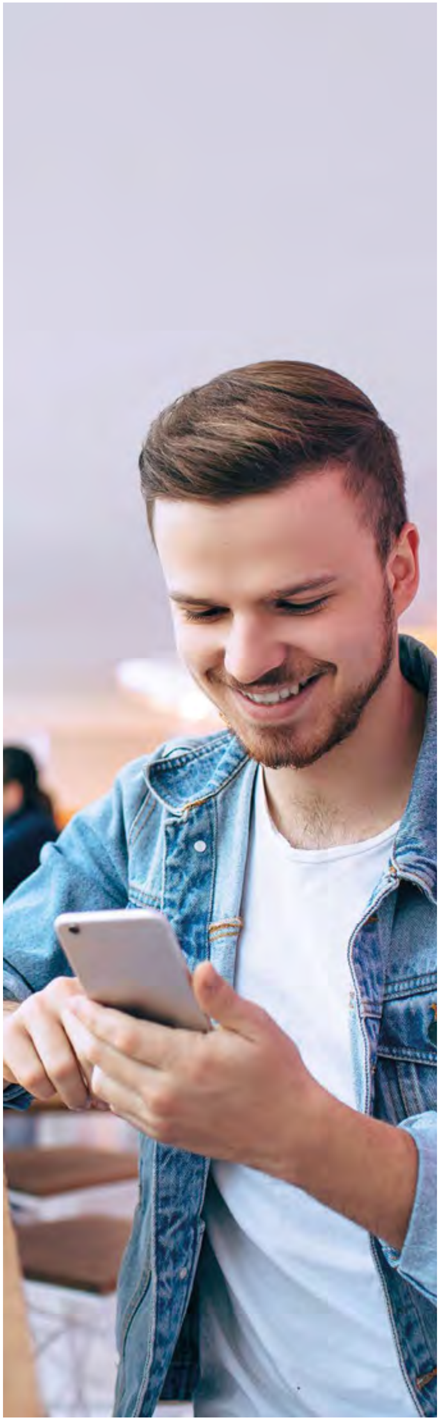
ISLAMIC BANKING

A flexible and efficient award-winning solution enabling Shari'ah compliant innovation, scalability, and digital engagement.

Temenos Islamic Banking is a flexible and efficient award-winning solution, delivering an outstanding Shari'ah compliant experience to customers using a combination of digital and human interaction, leveraging advanced graphical product building capabilities and modern technology to create offerings that are compliant and personalized, enabling digital transformation.

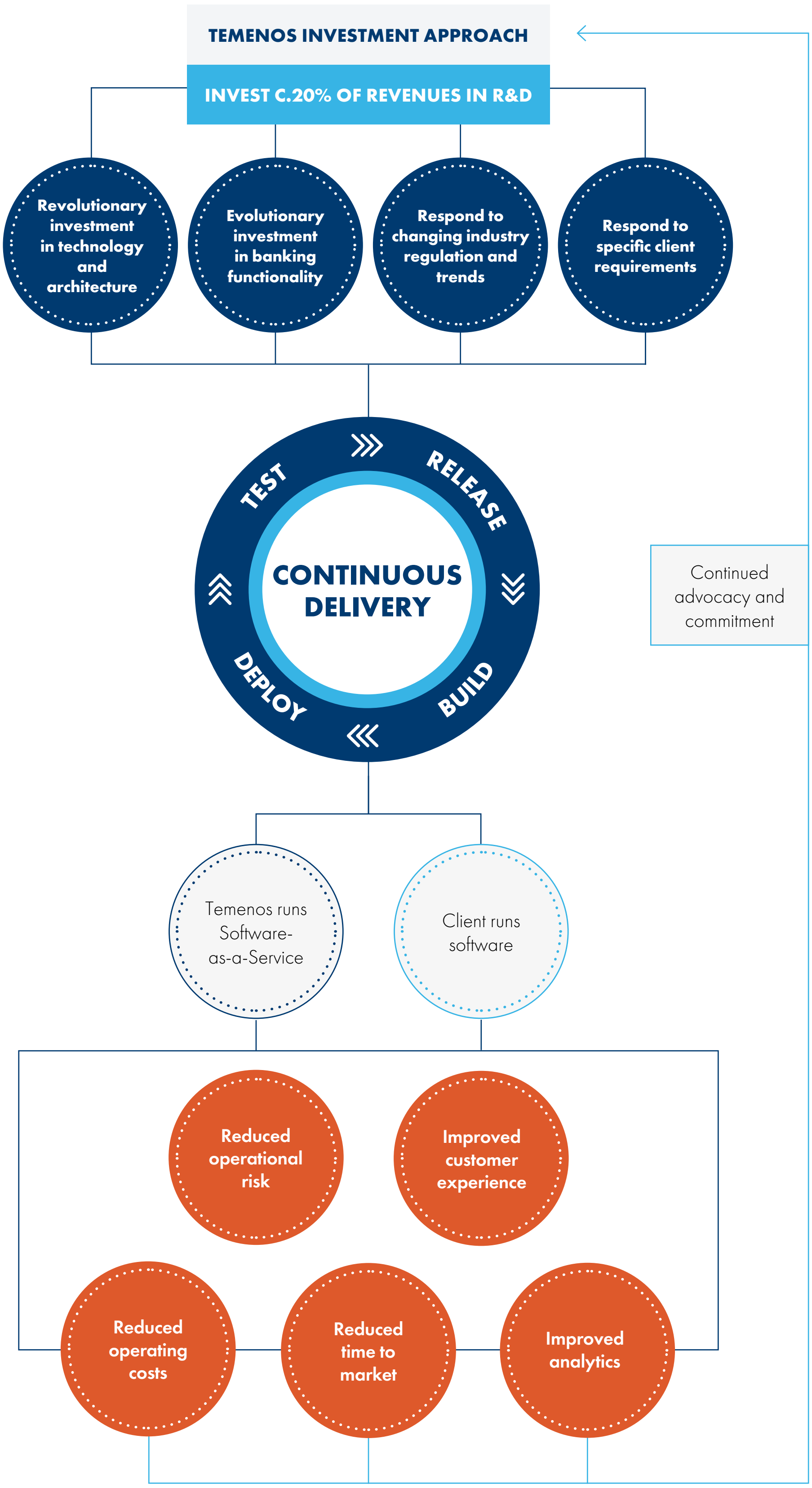
Temenos' Islamic Banking clients benefit from an outstanding experience using a combination of digital and human interaction, leveraging advanced graphical product building capabilities and modern technology, to create offerings that are compliant and personalized while reducing operational costs and risks.

» Compliant: fully compliant to Shari'ah requirements, processes, and account entries
» Comprehensive: covers all areas of banking with rich functionality across all verticals
» Enables Innovation: with faster time to market due to its flexible product builder
» Digital: Built on the best digital platform enabling banks to face digital challenges and competition
» Scalable: Up-to-date and future-proof solution for banks of all sizes.



RESEARCH AND DEVELOPMENT

INVESTMENT IN **INNOVATION**



The Temenos software investment approach forms a virtuous cycle in which our clients influence Temenos' investment and therefore benefit from the improved product. This in turn contributes to their success. Our clients then advocate for our solutions, enabling us to attract new clients, continuing the cycle.

Revolutionary investment in technology and architecture

In order to keep pace with the rapid rate of change in information technology, Temenos continues to invest significantly to ensure that its software takes advantage of the latest innovations. What is revolutionary at one point becomes standard in the following years, and this is why it is important to continue with this investment approach. We will focus resources on the development of our open platform for composable banking services, enabling new capabilities with our event driven architecture, and adding to our framework for extensibility and continuous operations. Enhancements to the self-service capabilities of the Temenos Banking Cloud will put even more power into the hands of our customers. And we will continue to invest in our award winning Artificial Intelligence capabilities and green cloud initiatives. These efforts will enable banks to reduce their overall technology costs and design and launch innovative and personalized products more quickly and efficiently. Temenos' SaaS and cloud offerings reduce banks' impact on climate change by using energy saving technologies and downsizing data centers, helping organizations to work towards their sustainability goals.

Evolutionary investment in banking functionality

Banking functionality changes more gradually than information technology, with evolutionary advances being made in banking products, industry practice and regulation. Temenos' investment in functionality over the past 28 years reflects this. We enable our existing clients to add new functionality to what they use already through regular updates, whilst also releasing the latest software for new clients. We also actively invest in growing our country specific functionality. This enables banks to go-live quickly and to focus on the capabilities which will differentiate them from their competitors. It also provides Temenos with a clear differentiation in the market, successfully blending globally innovative banking capabilities with pre-configured regional and national solutions.

Respond to changing industry regulation and trends
Banking, being a highly regulated industry, is subject to the continuous changing of requirements by regulatory agencies. At Temenos, we actively follow changes in banking regulation to build relevant solutions into the software and support our clients who automatically receive updates with our continuous updates mechanism. This program runs on a global basis, allowing us and our clients to quickly respond to changing regulations at speed. Current examples include CBPR+ transformation program, Open Banking and Finance initiatives, definition of default for Credit Risk, Qualified Intermediary (IRS), Accounting standards such as IFRS 9 and FAS91, and the RFR replacement of LIBOR. In addition, we continue to update our financial crime mitigation product set in line with global AML/CFT and Sanction rulebooks.

Responding to digital acceleration
Covid-19 drove the rapid acceleration of digital transformation initiatives and created conditions for new business models and approaches to be adopted. We have responded with new digital offerings to help banks and non-banks to service their customers better. Our AI and data analytics technology enable increasingly automated and personalized offers to be designed and rolled out. These same technologies help with operational efficiency and stability, and have been increasingly embedded across all of our solutions. The introduction of micro-apps in our digital platform help institutions to implement new personalized services via digital channels, fast. Cloud adoption has also accelerated, bringing the benefits of scalability, lower cost and increased reliability. We have also responded to new trends such as the rise of unsecured short-term lending and embedded finance, by delivering banking services such as Buy Now Pay Later on the Temenos Banking Cloud, to help rapidly respond to new growth opportunities.

Respond to specific client requirements
As we enter new markets or work with new clients, it is possible that our software may require enhancement. We invest in our products to close these functional gaps, but in such a way so as to make the new functionality of widest benefit possible to our existing and future clients. We do this by ensuring that flexibility is built into the design, and that the new functionality is incorporated into the standard product. We do this using an advanced agile methodology which ensures that we deliver solutions which work to solve client needs in the shortest time possible. Our wide geographic reach across all banking segments means that enhancements developed for a specific client are often relevant in other markets and to other clients.

Continuous operations
Temenos builds, deploys and tests software on a daily basis. We use this as the foundation for the continuous release of updates to clients, which are then accumulated into one Annual Maintenance Release each year. All releases are cumulative, enabling clients to upgrade when they want. The upgrade process is designed to operate with minimal disruption to a bank's staff and customers. This results in the following benefits to our clients:

Reduced operating costs
Only a small percentage of bank IT spend is on growth and innovation for banks running legacy platforms; the majority is spent on business as usual activities. In contrast, Temenos clients spend significantly less on maintenance IT, and significantly more on innovation. The result of this innovation-focused expenditure is our top-performing clients achieving industry-leading cost-income ratios of up to half the industry average, and Returns on Equity of up to three times the industry average.

Improved customer service
Customers expect banks to provide the same level of seamless, personalized service as they receive from leading online service companies such as Amazon or Uber. In the past, banks' abilities to provide such service has been hampered by legacy technology and business issues.

Temenos provides market leading solutions which cover digital channel interactions with customers, digitally enhanced in-person interactions, origination and onboarding key processes and product manufacturing and servicing across all banking segments. These offer improved customer service, based around personalization, product agility and AI-driven insights and actions. Although they deliver market leading capabilities independently, we firmly believe that banks gain the most leverage and commercial benefit if they adopt a front-to-back approach, and we are proud to have a set of solutions which provides all of the tools and technology to accomplish this.

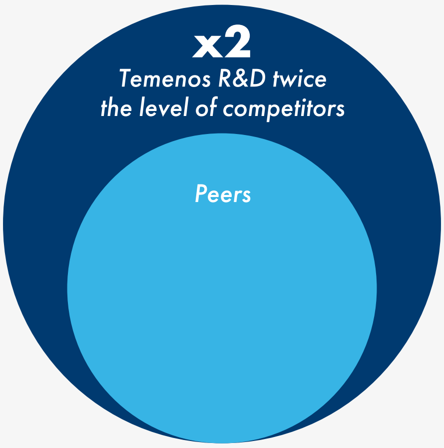
Reduced operational risk
Legacy IT landscapes are inherently risky because of the many interfaces which are required between different functionality and delivery silos; the number of 'islands' of functionality and the resulting complexity of connections between them increase the number of points where a process or technology failure can occur. As a result, banks can face outages in mission-critical operations with resulting reputational damage.
At Temenos we have particularly focused on a multi-cloud strategy, enabling our clients to use highly resilient deployments across multiple clouds, and the provision of secure online upgrades and migrations to reduce system downtime. We believe that this approach enables our clients to reduce the risk of downtime significantly and to provide a market leading reliable business processing environment.

Reduced time to market
Today, digitalization and the rise of new, specialized and highly agile competitors are driving banks to respond ever more quickly to customers' individual needs. Temenos' software enables banks to respond quickly, flexibly and securely to these business needs as it is highly parameter-driven, and delivered with pre-configured, reusable content, as well as user-friendly configuration, design and testing tools.

Improved analytics
A modern, digital bank requires sophisticated analytics to understand customer needs, to respond to regulators and to make optimal business decisions in a timely and efficient manner. The Temenos analytics product set is tightly embedded within the overall front-to-back solution, providing real-time, predictive and integrated analytics based on a single version of the truth sourced from both transactional and contextual data from all areas of the solution. This enables bank staff to take customer service and business strategic decisions on the basis of up-to-date information.

RESEARCH AND DEVELOPMENT continued

THE HIGHEST R&D SPEND IN THE INDUSTRY



R&D at more than twice the level of our competitors plus deep domain knowledge means that our software never becomes legacy.

Investing more than our peers on R&D
Temenos has consistently invested over 20% of its revenues in R&D. This is more than twice the level of estimated investment made by our closest competitors. Furthermore, since we only produce software for banking and finance, all of this investment is targeted at our concentrated product portfolio.

Channeled continuously into product releases
Our software is fully packaged and upgradeable. We produce new software on a continuous basis which has traditionally been available on a monthly release cycle. This will continue to be available, together with an annual release, for clients which wish to consume our software on this basis. Going forward, we will also make more of our software available on a Continuous Deployment basis, with DevOps support, for banks to help them to shorten the innovation cycle. The increasing componentization of our solutions also creates the possibility of upgrading different elements at different frequencies, allowing for innovations to be more quickly adopted.

Core principles
Temenos has always produced software according to a set of core principles. We believe in reuse, openness and being agnostic about technology platforms. This means that all developments are made available to all clients. It also means giving our clients choice over which technology they run and never locking them into a particular provider. The openness means that third parties can develop on our platform to accelerate innovation, thus ensuring that our clients always have access to the best technology and functionality.

Proud record of innovation
Our philosophy is one of constant functional evolution delivered on innovative technology. We are proud of the record of innovation which we have established, being, for example, the first banking software vendor to run on open systems, to have a truly 24x7 platform, the first to run core banking software in the public cloud and the first to have all services exposed as RESTful APIs and domain Microservices. Our cloud-native solutions continue to benefit from ongoing innovation, with particular focus currently on key areas such as Artificial Intelligence, DevOps processes to help our clients benefit from innovations more quickly, and a growing catalog of Open APIs which enable faster and more easily maintained integration between our solutions and third party products and services, including those found in Temenos Exchange.

HIGHEST R&D SPEND IN THE INDUSTRY

USD 2.5bn

Cumulative 1990-2021

USD 1.0bn

Projected 2022-2025

THE TEMENOS EXCHANGE

Driving innovation through a thriving fintech ecosystem.

The Temenos Exchange is a collective engine of innovation. Customers need easy access to low-risk, pre-integrated solutions which not only address their fundamental needs, but also provide inspiration to continue to innovate and differentiate.

Temenos established the SCALE program to accelerate the cycle of innovation by opening up the exchange to add breadth and cover an increasingly broader set of functionalities and solutions. Through this program, Temenos is committed to enabling developers by providing a structured approach as they work through the stages to develop, validate and ultimately monetize their solutions. This allows fintechs, partners and developers to quickly turn their ideas into reality and in turn to enable our clients to benefit from these solutions, such as Temenos VCOO.

Additionally, we have refocused on pre-integrating solutions by establishing a dedicated integration team who are building standard integrations that are architected to be robust, scalable, repeatable, pluggable, and supported by packaged APIs and events. Soon, Exchange solutions will be available as part of our SaaS platform, which means that banks can explore solutions relating to the Temenos services they are using directly on the platform and deploy these seamlessly with Temenos software.

Temenos will have banking's largest, most diverse solution marketplace which enables banks to leverage complementary solutions easily, with reduced risk, with a rapid time to value.

RESEARCH AND DEVELOPMENT continued

TEMENOS DEVELOPER COMMUNITY

Banking's largest collaborative community empowering the developer ecosystem.

The Temenos Developer Community plays an essential role in enabling our customers, prospects, and partners with expert support, learning programs and a calendar of interactive events designed to help our members scale. Our rapidly-growing Developer Community is united by a common desire to learn and innovate – a desire that we foster through our award-winning Base Camp community platform.

Through the sharing of knowledge and a focus on developer experience, we are empowering the developer community to constantly evolve and innovate, and to leverage our market leading technology to enhance the banking experience for our millions of end-users.

To directly experience the power of Temenos technology, our API portal exposes a fully functioning catalog of APIs which facilitate rapid adoption through the application lifecycle from test and build onto eventual deployment.

The Developer Community is open to all professionals who are committed to elevating the banking experience – in front, middle or back-end application design. Temenos is committed to nurturing and building a vibrant community of ecosystem partners to build the future of banking, together.

CONTINUED SUCCESS WITH **REMOTE DELIVERY**

2021 was another very successful year, despite the challenges of Covid-19, and Temenos continued to bring delivery success to our clients. With the pandemic resulting in a series of sustained and sporadic global lockdowns, Temenos remote delivery became the default standard for delivery with our partners and clients to ensure that our implementation and upgrade projects continued to go-live on a regular basis.

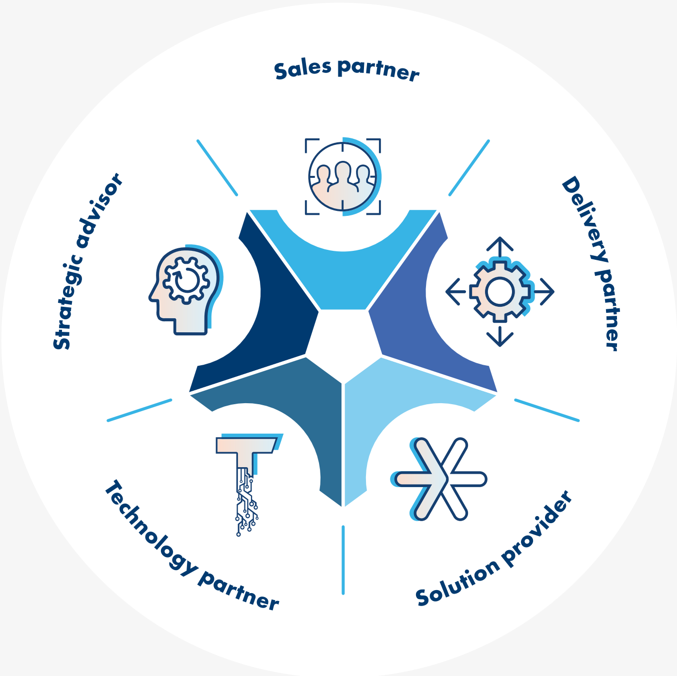
The Temenos Delivery Ecosystem – comprising almost 7,000 Temenos and partner consultants – had historically provided a blend of on-premise and remote resources for projects to implement and upgrade our suite of products. Given the restrictions caused by the Covid-19 virus, Temenos and our partners had to build trust amongst our mutual clients that projects could continue to be successfully delivered via a remote model, instead of the more traditional approach of sending our consultants to work onsite for our clients and this showed the progress in the go-live numbers.

By deploying the innovative use of technology and further improvements to our TIM delivery methodologies, Temenos and our services partners were able quickly to build virtual alignment on projects. As an example, by using the training and certification available from the Temenos Learning Community (TLC) online service and by connecting our Centers of Excellence, Temenos and our partners developed and expanded the capacity and capability required to resource the remote projects to implement and upgrade Temenos software successfully. The fact that many projects relied on our remote Temenos Cloud services continued to contributed substantially to the smooth continuation of ongoing projects through 2021 which is a testament to the remote delivery capability.

Given the agility of the Delivery Ecosystem and the proactive support of our clients, Temenos and our services partners successfully delivered 345 go-lives in 2021, increasing from the fantastic achievements in 2020. We continued with another year-on-year increase for those clients turning on Temenos software for the first time.

DELIVERING CLIENT SUCCESS continued

A **RICH PARTNER ECOSYSTEM** SUPPORTING **DELIVERY EXCELLENCE**



The Temenos Partner Program which has been successfully operating for over a decade offers a mature ecosystem of Certified Services Partners able to provide implementation and upgrade services to Temenos clients globally.

The continually evolving Temenos Partner Program comprises a network of Local, Regional and Global Systems Integrators who can deliver implementation and upgrade services covering the full suite of Temenos solutions sourced by almost 7,000 skilled consultants.

Working with Temenos, who provide supporting services, our partners continue to deliver a successful track record of impressive go-lives for clients across all geographies, domains, and tiers of clients. In 2021 Temenos reported 345 go-lives, the majority of which had partner involvement in these successful projects. The number of go-lives in 2021 was greater than that in 2020 and more importantly higher than 2019 pre the pandemic.

As one of the primary users of the Temenos Learning Community offerings, our partners are training their consultants to ensure they have the latest knowledge required to implement the full portfolio of Temenos products as well as certifying their ability to perform development, migration and upgrade services and successfully delivering implementations on the Temenos Banking Cloud.

THE **FOCUS** FOR TEMENOS SERVICES

The Temenos Services division comprises expert resources able to offer governance to our clients, support services to our partners and provide a rich catalog of productized services for our implementing, upgrading and post-live customers.

Experienced Project Managers and Expert Consultants available via Temenos Services are primarily focused on supporting Partner Primed projects by offering Temenos Project Consulting Service (TPCS) governance to our mutual clients and also Collaborative Implementation Offerings (CIO) to ensure our partners have the capability and capacity to deliver successful implementation and upgrade projects to Temenos customers.

The TPCS service is provided to clients for projects focused on exploitation of Temenos products – usually implementation or upgrade projects. It consists of cost-effective, part-time advisory involvement of an experienced Temenos Consultant in Project Management and a Client Architect, covering all of the Temenos products. The service has been designed for clients that choose a Temenos partner for the delivery of their project.

The scope of the service includes an initial review and regular subsequent project reviews, as well as regular involvement in key project governance processes such as risk and issue management and architecture design decisions.

Collaborative Implementation Offering (CIO) is offered to Temenos clients and delivery partners with the objective of smooth and successful project implementations. CIO encompasses expert high value project and architecture advisory services to Temenos customers and orchestrated involvement of Temenos Consultants to partners. CIO enables partners to build Temenos Banking Capabilities through collaborative development, training and partners advisory across project implementation stages. It also includes exclusive access to product support even during implementation. CIO helps to reduce risk, optimize time, budget and ensure customer and partner success.

To support our live clients, Temenos has been successfully delivering a range of productized services, especially the suite of upgrade assessments. The assessments provide documented recommendations following a review performed by Temenos Experts for clients planning an upgrade. These assessments cover the potential need for database conversion, a review of localizations and the transition to the latest technology.

Many clients have successfully upgraded to the latest Temenos releases following a project typically performed by Certified Managed Upgrade Partners following the recommendations made.

For customers looking to move to the Temenos Banking Cloud a SaaS Readiness Assessment service has been developed and successfully delivered.

DELIVERING CLIENT SUCCESS continued

IMPLEMENTATION EXCELLENCE FOR **WORLD CLASS CLOUD SERVICES**

In 2021 we launched the Temenos Banking Cloud, as the next generation of Temenos' SaaS offering. The Temenos Banking Cloud builds on our existing SaaS service offering, which continued to grow in 2021. We see continued interest and growth in this area, and are using this platform to deliver new composable banking services that can be taken directly from our service catalog, configured and launched in record time.

The Temenos Banking Cloud supports our clients and prospects through exploration of Temenos Banking Services through access to sandboxes and rich content to help them understand the business value and fit. Clients can configure and extend our services through the launch of new design time tools and frameworks to adapt services to meet client specific needs. A new self service portal provides automated release management and business and technical insights into service usage that can be used to launch and evolve services to meet changing customer needs. Integration of Temenos Exchange and our extensive partner network allows clients to consume additional third party capabilities and our partners to develop new capabilities through a collaborate and sell model.

In 2021 we rolled out an update partner certification process for the cloud and have a number of partners progressing through certification, with the top milestone being a certified development partner. In 2022 the certification process will be updated to cover new Temenos Banking Cloud and service capabilities, and we will focus on bringing more partners through the program.

In 2017, the Temenos Learning Community (TLC) was established to address the increasing training demands of Temenos professionals. We met that challenge by making the process of knowledge transfer easier, faster, and more cost-effective for our clients and partners. In 2021, we leveraged the experiences of the previous years to adapt our training programs to a new learning paradigm mandated by the global health crisis. Through the continued advancement of our three primary products: TLC Online, TLC Engine, and TLC Classroom, Temenos Learning Community was confirmed as the number one provider for Temenos product training for employees, partners, and clients.

TLC Online

In 2021, TLC Online continued to grow and the number of paying subscribers increased by almost 37% over the previous year; reaching approximately 4,100 paying members. TLC Online is a cloud-based, online platform offering hundreds of training modules that are available on a 24/7 basis. TLC Online has become the most popular form of product training for Temenosians, clients, partners, and Independent Consultants. Subscribers enjoy access to the latest product content, practice sandboxes, and pre-defined learning pathways. TLC Online provides the training and roadmap to achieve the industry-recognized Temenos Certification.

TLC Engine

TLC Engine is a turnkey digital tool allowing clients to train, test, and certify their employees on an ongoing basis. TLC Engine brings a process-led learning solution that delivers the ability for our clients to integrate their own unique operating processes with recorded screen simulations, tutorial sessions, and Temenos product training (including all manual and system processes related to non-Temenos products). TLC Engine is also a comprehensive day-to-day operational tool supporting smart impact analysis and rich auditing capability.

In 2021, we continued to evolve the TLC Engine product, making it accessible to our clients and partners on both an on-premises basis or as a Software-as-a-Service solution. In 2021, the installed base for TLC Engine grew by 50%.

TLC Classroom

This is the natural evolution of our traditional offering consisting of instructor-led training, tailored to a client's specific needs, either in a physical or remote classroom environment. To ensure that the correct level and type of training is identified, TLC Classroom includes two additional services via Training Needs Analysis (TNA) and Bespoke Training, respectively.

In 2021, to ensure a more timely update of our courses, we introduced the concept of Delta Courses – very short lessons containing the information related to the latest release of Temenos software. At the same time, the investment to produce new training content was re-confirmed and successfully tracked to our training roadmap.

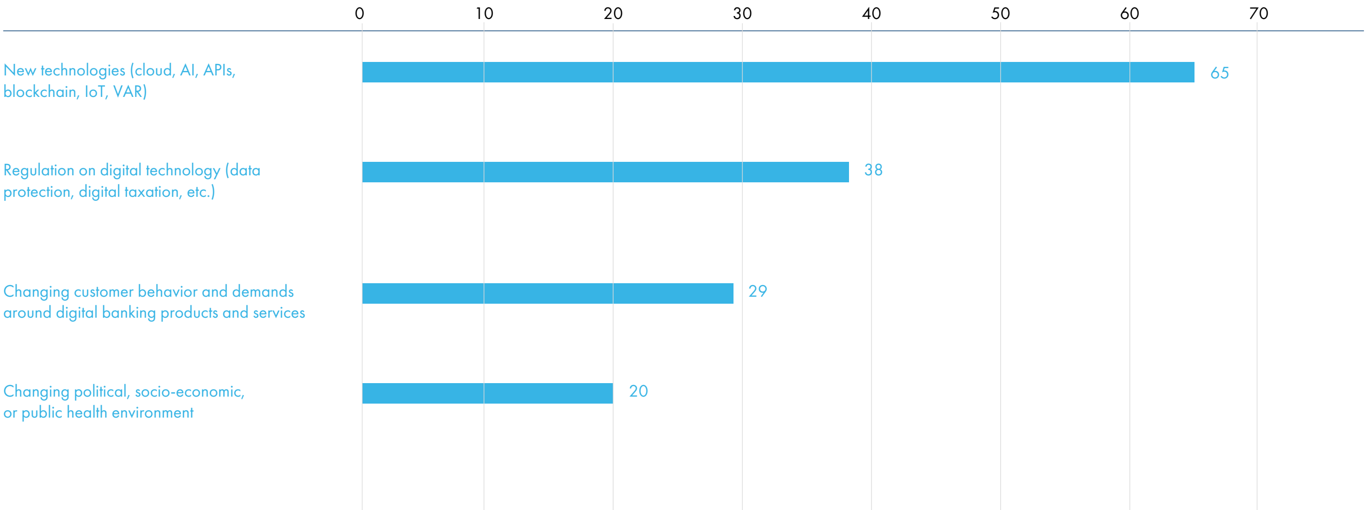
TLC Classroom remains a popular product with Temenos clients and partners. Due to the travel restrictions related to Covid-19, we successfully modified the delivery method of our traditional Classroom training to a "remote classroom" basis. In 2021, we delivered more than 1,100 Classroom training days; an increase of more than 15% compared to the previous year. All this was successfully accomplished while maintaining our high standards and with positive feedback from Classroom participants.

INSIGHTS

BANKING TRENDS – ECONOMIST INTELLIGENCE UNIT REPORT RELEASED BY TEMENOS

Bankers expect technology and technology regulations to have the greatest impact on their business in the next four years

(% of respondents)



BANKS MOVING FROM CITY CENTERS TO DIGITAL ECOSYSTEMS

Retail, corporate and private banks were already under pressure to deploy new technologies and reshape their company cultures in order to compete with big tech firms and payment players. Facing extinction on the high street, banks are doubling down on creating tech-enabled, inclusive ecosystems where customer experience is king.

The Economist Intelligence Unit, on behalf of Temenos, surveyed 305 banking executives on themes relating to the digitization of banking. The survey included respondents across banking segments from Europe (25%), North America (24%), Asia-Pacific (18%), Africa and the Middle East (16%), and Latin America (17%). Half were C-suite executives. The survey aimed to identify the changes taking place in banking by 2025, the banks' organizational response, and the longer-term impact on their strategic development. This global independent report, which is now in its eighth year, highlights the following trends:

Disruptive technologies are key to the future of banking

Two-thirds (65%) of banks see new technologies such as Artificial Intelligence (AI), Machine Learning, DevOps and Open APIs as the greatest driver of change for the next four years, up from 42% three years ago. For example, AI is seen as a game-changer, with 81% of bankers saying that it will become the differentiator between winning and losing banks and with main use cases including customer experience, digital marketing and fraud detection. But as technology becomes more critical to competitive differentiation, the threat of competition from major tech and e-commerce disruptors is becoming existential.

Customer experience is king

Four in five (81%) bankers believe that banks will seek to differentiate on customer experience rather than products. Mastering both customer experience and digital marketing are ranked as top strategic priorities over the next four years. Banks will need a 360° view of the customer, and understand their behavior, preferences and habits, even before they apply for a product or a service.

Open banking and new business models

The pandemic has jolted laggards into action, spurring a culture of collaboration and experimentation among previously complacent banks. A plurality (47%) expects their businesses to evolve into digital ecosystems over the next two years, which will involve partnering with banking and non-banking third parties.

Moving to the cloud

Adoption of cloud infrastructure – for additional processing capacity, service capabilities and to outsource data storage – has accelerated since the pandemic as banks seize an opportunity to accelerate digital transformation projects, and technologies have matured such that they can meet the demands of regulators and financial institutions. Just over a quarter of survey respondents report focusing technology investment on the cloud. Nearly six in ten respondents (59%) believe that bank-owned data centers may no longer be relevant, as banking will be cloud-based in the next five years.

Financial inclusion is an imperative

Incumbent banks and fintechs face a new financial inclusion imperative as the pandemic redefines the role of financial services in society. Bankers view microfinance for entrepreneurs (34%) and accounts for the unbanked (33%) as the most promising inclusion related business opportunities.

300+

Global banking executives, half of whom were C-suite, were surveyed on the changes they see taking place in their industry in the next four years

Customer experience

81%

Four in five bankers believe that banks will seek to differentiate on customer experience rather than products

Disruptive technologies

65%

Two-thirds of bankers see new technologies as the biggest driver of change for the next four years, up from 42% three years ago

Digital ecosystems

47%

expect their businesses to evolve into ecosystems, involving partnerships with both banking and non-banking third parties

Artificial Intelligence

81%

AI will separate winners from losers, say 81% of bankers

Digital acceleration

65%

of global banking executives believe that the branch-based model will be "dead" within five years, up from 35% four years ago

"Open Banking and increased competition from big tech and new entrants are causing banks to rethink their business models. Many now aspire to develop digital ecosystems that bring more human, differentiated experiences to their customers using the power of the cloud, SaaS and AI. This report shows that bankers now understand that technology will be an enabler for these new business models and is critical to their competitive differentiation. Temenos continues to extend its leadership in AI and the cloud, serving more than 3,000 banks worldwide, including incumbents and more than 70 challengers. We brought to market the Temenos Banking Cloud to help banks digitally transform and take control of their business models and innovation cycles."

Kanika Hope
Chief Strategy Officer
Temenos

BUSINESS REVIEW

RETURNING **TO GROWTH**

Introduction
2021 has been a year of recovery and a gradual return to normalized market conditions. We had already seen the banks returning to spending in the latter half of 2020, and this continued in 2021 with our business returning to growth from the first quarter and incrementally improving from there. The pressure on banks increased through the pandemic, with an acceleration in the move to digital channels and an increasingly diverse and innovative competitive environment adding to their existing challenges. Banks are forced to respond to these competitive pressures through IT investment, and the growth in non-incumbent spend is creating a new market and demand for Temenos software.

Our vision is to be Everyone's Banking Platform and we are achieving this through consistently evolving our platform with the highest R&D investment in our industry. Over 20% of our revenues go into R&D and we have made more than USD 2.5 billion of cumulative investment to date, with another billion dollars expected to be invested over the next few years. Temenos has always been at the forefront of our market, as the first to launch real time core processing in 2004 and the first to move to the cloud in 2011. Today our platform is cloud native and multi-cloud, with Explainable AI embedded across it. We continue to make significant investments in our SaaS capabilities having launched our next-generation SaaS platform, the Temenos Banking Cloud, in 2021. We solve mission-critical needs for our clients through the power of our platform and this is ultimately why we are the leader in our market.

Disruptive technologies are having a profound effect on the banking industry, with the cloud, APIs and DevOps already widely adopted.

These technologies, along with others such as AI and big data, mutually reinforce each other, and at the same time, blockchain and distributed ledgers are leading to the rise of decentralized finance. Together, these technologies are driving rapid scalability, innovation and cost efficiency, and they are creating opportunities for open and collaborative business models such as Embedded Finance and Banking-as-a-Service. New technologies and changing customer demands have led to an unbundling of the banking value chain, with banking now taking place everywhere, not just within the context of a traditional bank business model. This is creating opportunities for thousands of new entrants with innovative business models and Temenos is capitalizing on this, working with fintechs, neobanks, platform and BaaS players as well as our traditional banking clients.

These changes in the banking industry are driving growth in our addressable market, which reached USD 64 billion in 2021. However only 28% of this spend is with third party software vendors, significantly less than most other industries which are in the range of 60 to 80% of spend with third parties, providing a massive runway for future growth. The spend on third party software in the banking sector is expected to grow at around 10% per annum, up from 8% pre-pandemic. With the significant growth in non-incumbent business models like fintechs and neobanks, the spend in this client segment is expected to grow 29% annually. Most of the non-incumbents use SaaS to benefit from rapid time to market and the ability to scale their IT costs as their business grows, which is driving growth in SaaS spend of 28% per annum. This large and growing market, with a diverse client base and delivery models, underpins Temenos' medium-term growth.

Temenos has successfully penetrated the non-incumbent market, leveraging our market leading technology that enables massive scalability, as well as our cloud native and multi-cloud capabilities. Our clients also benefit from the breadth of our packaged services, supported by extensive out-of-the box localization, which is something our competitors cannot match.

Through our Open Platform for Composable Banking, we are combining our rich functionality with state of the art technology. We are exposing increasingly granular services and now have the richest set of decoupled banking capabilities by domain. Our clients can consume these capabilities to suit their business needs; as individual capabilities, pre-composed Temenos Banking services or as a full front-to-back Temenos Enterprise service. We have a single platform, and one code base, which gives our clients flexibility in choosing which capabilities they take and how they run them, whether on-premise or in the cloud.

Through 2021, we maintained our market leading position with strong rankings and awards from third party analysts reflecting the strength of our platform. IBS Intelligence Sales League Table has ranked us the #1 core banking vendor for the 16th time, as well as the #1 best-selling solution for digital banking and channels, retail payments, and risk management. Similarly, Forrester recognized us as the top global power seller for new-name clients for the 15th consecutive year. We were the only global power seller in the ranking, with a 20% increase in deals. Forrester also recognized us as a top global player for new and existing clients for the 9th consecutive year and a top global cross-seller which was a new category they introduced this year. ESG also continues to be a significant focus for us and where our strength has been recognized.

We remain among the 25 Swiss stocks from the SMI® Expanded Index with the best sustainability scores. And in 2021, we again ranked in the top 1% of the Software and Services category in the DJSI World and Europe, as one of the only two companies listed in the Europe Index. We also received a Silver award by S&P for ranking 2nd globally in the Software category. Other indices and investor ratings that have recognized our efforts include FTSE4Good, CDP, ISS, MSCI , EcoVadis, Sustainalytics, Bloomberg Gender Equality Index, just to name a few.

Sales – a gradual return to normal through the year
The sales environment improved throughout the year as banks returned to normalized levels of spending, however the recovery was not uniform across regions. Our US operations performed particularly well in 2021 as we capitalized on our strong position with non-incumbents in particular, and built a good pipeline for 2022 across both non-incumbents and incumbents in the US market. The recovery in Europe lagged the rest of the world, with large banks in particular only gradually returning to spend. We saw good sequential improvement in Europe in the fourth quarter and a healthy pipeline build for 2022.

Tier 1 and 2 banks contributed 36% of our total software licensing in 2021, with the contribution in the fourth quarter in particular reaching 41%.

"We had a great end to 2021, with strong growth as the sales environment continued to improve and we are now at pre-Covid levels in closure rates and predictability."

Overall we had a total of 63 new client wins for the year, with our market leadership position driving our success in new business where we have consistently gained market share across incumbents and non-incumbents.

Total bookings is a metric we use to assess the new business growth as it takes into account signings across license and SaaS. In 2021, total bookings grew 36%, reaching nearly USD 740 million. This was also up on total bookings in 2019, our strongest year ever prior to the pandemic. We saw broad based demand across both license and SaaS, and there was an increase in average tenure compared to 2020.

Our SaaS business continued its very strong performance in 2021, with SaaS ACV up 66% in the year and SaaS revenue up 29%. Our US and European business drove the majority of SaaS signings in the year, and we built a strong pipeline for 2022. Most of the demand is still incremental to our business, driven by fintechs, neo-banks and other non-incumbents moving into financial services. There is also a small but growing number of Tier 4 and 5 banks that are considering the use of SaaS for their IT renovations.

"Our vision is to be Everyone's Banking Platform and we are achieving this through consistently evolving our platform with the highest R&D investment in the industry."

BUSINESS REVIEW continued

Key strategic initiatives to drive growth across SaaS and licenses

At our Capital Markets Day in February 2022, we outlined our strategic initiatives to achieve our medium-term targets. These focus on four key areas.

Continued SaaS acceleration

We have delivered strong sustained growth in our SaaS business over the last few years, on the back of our continuous investment in our SaaS and cloud capabilities. The latest evolution of our SaaS and cloud offering is the Temenos Banking Cloud, which enables clients to easily access, test and deploy our composable banking capabilities. We expect our SaaS revenue to grow at a CAGR of more than 30% to 2025, whilst also improving the gross margin in our SaaS business by deepening our relationships with hyperscalers such as AWS and Azure, investing in greater automation and scaling revenue on an optimized cost base.

North America focus

North America is the largest market globally, and we have made significant investments in the last five years, both organically and inorganically. This is reflected in the growth of our business in this region, with the contribution from North America to total software licensing tripling since 2014. Going forward, we expect North America to contribute 40-45% of total software licensing by 2025. We intend to achieve this by maintaining our leadership with non-incumbents in the US, building on our strong referenceable client base. At the same time we will focus more on large banks in the US, leveraging our open platform, our US model bank and our strategic partner relationships, for example with DXC and Salesforce, to drive incremental growth.

Increasing penetration in larger banks

We already have 36% of the global Tier 1 and 2 banks as clients of Temenos, and we expect to increase our penetration of this important segment going forward. We have a very significant opportunity in this space, to both capture more wallet share within existing clients, and to win new names. Large banks continue to increase their spending on third party software, driven by the need to fend off competition from non-incumbents, who enjoy lower cost operating models, by leveraging the latest technologies. We have invested heavily in our open platform to support the priorities of large banks. Our platform allows targeted, incremental modernizations, and helps banks benefit from international expansions quickly, with a standardized operating model. Going forward, we expect Tier 1 and 2 banks to contribute between 40-50% of total software licensing.

Partner centric approach

The last strategic initiative is our partner centric approach. We have a thriving ecosystem of partners doing everything from implementation to providing complementary solutions. We are co-innovating with fintechs to create new offerings for our clients and we will drive more value by working with them, leveraging our open platform. Fundamentally, our partnerships will help us scale revenues and drive growth, in particular key strategic partnerships like DXC and Salesforce, and exciting new BaaS partnerships with Vodeno and Mbanq.

Final remarks

I am pleased with the growth we delivered in 2021 as we continued to deal with the fall out from the pandemic. We returned to growth in the year, and signed a greater amount of new business than we did in 2019. Our SaaS business in particular is doing exceptionally well, and we are well positioned for growth in 2022. Of course none of this would be possible without the efforts of every single person within Temenos. All our Temenosians continue to perform to incredibly high standards whilst remaining true to our values of tenacity, velocity, responsibility, authenticity and a constant focus on community. And it is these values and the strength of our Temenos community that will enable us to continue to grow and to achieve our targets in the medium term as the leader in our market.

Max Chuard
Chief Executive Officer

OUR OPERATING HIGHLIGHTS

63

New customers in 2021

66%

Annual Contract Value of SaaS grew 66% in 2021

36%

Tier 1 and 2 banks contributed 36% of total software licensing revenue

For financial highlights turn to page 1

FINANCIAL REVIEW

A GRADUAL RETURN TO A NORMALIZED ENVIRONMENT

Introduction

Opening thoughts

We saw a gradual recovery through the year in terms of spending and sales cycles, which was reflected in our good full year results. We delivered Annual Recurring Revenue (ARR) growth of 12%, with SaaS in particular performing very well. Our SaaS ACV grew 66% for the full year and non-IFRS SaaS revenue grew 29%. Non-IFRS total software licensing grew 17% and non-IFRS total revenue grew 7%. We also delivered non-IFRS EBIT growth of 8% for the full year.

Our DSOs were at 117 days by year end, and we closed the year with USD 139 million of cash on our balance sheet and leverage of 1.8x net debt to non-IFRS EBITDA.

IFRS vs non-IFRS

To ensure that the presentation of results reflects the underlying operating performance of the business, Temenos publishes its key metrics on a non-IFRS basis as well as on an IFRS basis. For key metrics on a non-IFRS basis where comparable IFRS measures are presented in the consolidated financial statements, a full reconciliation is published between IFRS and non-IFRS measures which highlights the adjustments. Non-IFRS adjustment definitions and reconciliations can be found on pages 50 and 51. Note 2020 non-IFRS reported numbers have been restated to exclude IFRS 2 costs in line with 2021 non-IFRS reported numbers.

Highlights

Full year highlights (non-IFRS) include:

- ARR growth of 12% in FY21
- SaaS ACV up 66% in FY21
- Total bookings growth of 36% in FY21
- Total software licensing growth of 17% in FY21
- FCF growth of 21% in FY21
- Announced move to subscription model to accelerate growth and drive recurring revenue
- Proposed dividend of CHF 1.00 for FY21 to be voted on at the AGM.

Key figures 31 December

USDm, except EPS	2021	2020
Non-IFRS revenue	**967.0**	899.9
Non-IFRS EBIT	**356.8**	331.0
Non-IFRS EBIT margin	**36.9%**	36.8%
Cash generated from operations	**473.0**	406.2
Total assets	**2,234.1**	2,215.7
Non-IFRS earnings per share	**USD 3.80**	USD 3.55

Revenues

IFRS

IFRS group revenues were USD 967.0 million for 2021, an increase of 9% versus 2020 on a reported basis.

IFRS total software licensing increased 21% in the year, as banks continued to invest in IT transformation coming out of the pandemic. We saw continued very strong growth in demand for SaaS. SaaS Annual Contract Value increased 66% (reported) to reach USD 57.3 million by year end.

IFRS maintenance revenues grew 4% on a reported basis, and IFRS services revenues declined 4%.

Non-IFRS

Total non-IFRS group revenue in 2021 was USD 967.0 million, an increase of 7% compared to 2020 on a reported basis. The 2% (USD 12.6 million) difference between the IFRS and non-IFRS revenue in 2020 is due to adjustments made for the write-down of deferred revenue linked to the acquisition of Kony.

Cost base

IFRS

Full year costs on an IFRS basis were USD 728.9 million, up from USD 653.8 million in 2020. The increase in cost was driven by continued investments post-Covid in Research and Development and Sales and Marketing. In addition, IFRS 2 costs were USD 26 million above original plan due to the introduction of a new one-off LTIP program launched in Q3-21 for senior and middle management below the Executive Committee, and the alignment of outstanding years of existing LTIP plans with the new target metrics introduced at the start of 2021.

Non-IFRS

Full year costs on a non-IFRS basis were USD 610.2 million, up from USD 568.9 million in 2020. Of the USD 118.7 million difference between the IFRS and non-IFRS cost base, USD 52.7 million is due to adjustments made for the amortization of acquired intangibles costs, USD 48.6 million is due to IFRS 2 costs and USD 17.4 million is due to the net adjustments made for restructuring costs and acquisition-related costs and charges.

EBIT (Operating profit) and Earnings Per Share (EPS)

IFRS

Full year IFRS EBIT was USD 238.1 million compared to USD 233.6 million in 2020. IFRS EPS for 2021 was USD 2.40, compared to USD 2.39 in 2020.

Non-IFRS

EBIT on a non-IFRS basis was USD 356.8 million, up from USD 331.0 million in 2020, an increase of 8% on a reported basis. EPS was USD 3.80, up from USD 3.55 in 2020, an increase of 7%.

Non-IFRS EBIT margin was 36.9%, up from 36.8% in 2020. Our services operating margin was 11.5% for the year, down from 13.6% in 2020, as we saw some increased services costs linked to a number of projects.

Cash flows

We generated USD 473 million of operating cash in 2021, up 16% from 2020 and representing a cash conversion of 124% of EBITDA. We have maintained our guidance for 100%+ conversion of EBITDA into operating cash flow in 2022, and we are confident of delivering this, driven by the continued growth in our recurring maintenance and SaaS revenue and strong cash collection on license and services revenue.

We generated free cash flow of USD 358 million in the year, up 21% from 2020. We have guided for a growth of 10-15% CAGR 2021-26, and that free cash flow will reach >USD 600 million by 2026.

	Non-IFRS			IFRS		
USDm, except EPS	2021	2020	Change	2021	2020	Change
Software licensing	292.2	259.5	**13%**	292.2	259.5	**13%**
SaaS	123.7	96.2	**29%**	123.7	83.6	**48%**
Total software licensing	415.9	355.6	**17%**	415.9	343.1	**21%**
Maintenance	395.1	381.2	**4%**	395.1	381.2	**4%**
Services	156.0	163.1	**-4%**	156.0	163.1	**-4%**
Total revenues	967.0	899.9	**7%**	967.0	887.4	**9%**
EBIT	356.8	331.0	**8%**	238.1	233.6	**2%**
EBIT margin	36.9%	36.8%	**0.1%pts**	24.6%	26.3%	**-2%pts**
EPS (USD)	3.80	3.55	**7%**	2.40	2.39	**0%**

"I am pleased with our financial performance in FY21, where we delivered strong total software licensing growth, driven by good levels of demand across both SaaS and license."

DSOs ended the year at 117 days, an increase of six days from 2020. We have removed our DSO target from our 2022 and medium-term guidance as we move to a subscription model for our on-premise business from the start of 2022.

Balance sheet and financing

Temenos is highly cash generative with a strong balance sheet which enables:

- Investment in the business, including industry-leading R&D spend
- The servicing of our debt obligations
- Funding for targeted acquisitions
- The payment of an annual dividend
- Deliver value to shareholders through share buybacks.

We continue to actively pursue acquisition opportunities as a driver of shareholder value creation, as well as investing in the business to position ourselves for the market opportunity.

We ended 2021 with a leverage ratio of 1.8x net debt to non-IFRS EBITDA, and have capacity to pursue inorganic growth opportunities to accelerate our organic growth in line with our M&A strategy if they arise.

Dividend

We have announced a proposed dividend of CHF 1.00 per share for 2021, representing an increase of 11% over last year. This is subject to shareholder approval at the AGM on 25 May 2022. The shares will trade ex-dividend on 30 May 2022, and the dividend record date will be set on 31 May 2022. The dividend will be paid on 1 June 2022. The dividend will be taken from the retained earnings (cash dividend) and is therefore taxable (WHT 35%). Temenos' policy is to distribute a growing dividend.

FINANCIAL REVIEW continued

Looking forward

Guidance for 2022

Our 2022 non-IFRS guidance is as follows (in constant currencies):

- Annual Recurring Revenue (ARR) growth of 18-20%
- Non-IFRS total software licensing growth of 16-18%
- Non-IFRS total revenue growth of at least 10%
- Non-IFRS EBIT growth of 9-11%
- 100%+ conversion of EBITDA into operating cash flow
- Expected FY 2022 tax rate of 18-20%.

Medium-term guidance

We have announced medium-term targets by/for 2025 as follows:

- Annual Recurring Revenue (ARR) growth of 20-25% CAGR 2021-2025, to reach c.USD 1.3 billion by 2025
- Non-IFRS total software licensing growth 15%-20% CAGR 2021-2025
- Non-IFRS total revenue growth of 10-15% CAGR 2021-2025
- Non-IFRS EBIT margin of c.41% by 2025
- Free cash flow growth of 10-15% CAGR 2021-2026, to reach more than USD 600 million by 2026
- Tax rate of 19.5-21.5% for 2023 to 2025.

Engines of growth

Temenos benefits from multiple structural drivers of growth, which will enable us to meet our medium-term targets.

Banking remains one of the most under-penetrated sectors for third party software spend globally. We estimate the total global spend we can address today with our products is USD 64 billion, of which only USD 18 billion is spent with third party vendors. The spend with third parties is estimated to be growing at a c.10% CAGR, up from 8% pre-pandemic, with the spend in on-premise software and maintenance growing at a c.5% CAGR and SaaS growing at c.28% CAGR. In addition, spend on third party software by non-incumbents such as fintechs and neo-banks is growing at 29% CAGR, and spend with incumbents is growing at c.7% CAGR.

We continue to expect a significant contribution from Tier 1 and 2 clients, who have contributed 36% of total software licensing revenues in 2021. Going forward we expect Tier 1 and 2 clients to contribute between 40-50% of total software licensing by 2025. We have significantly expanded our footprint in North America, which contributed 33% of total software licensing in 2021, and we expect this to grow to 40-45% of total software licensing by 2025. Lastly, with the move to a subscription model and the acceleration in our SaaS business, we expect our ARR to grow 20-25% CAGR from 2021-25, to reach c.USD 1.3 billion of ARR by 2025.

Final remarks

We have delivered strong growth in total software licensing in 2021, driven by the strength of our business model and our focus on R&D and innovation, in particular around our SaaS and cloud capabilities. With the shift to a subscription model from 2022 and the strong growth in SaaS, we plan to accelerate our recurring revenue growth over the coming years. I am confident in delivering our 2022 guidance given our market leadership and the structural drivers underpinning our growth.

Panagiotis "Takis" Spiliopoulos
Chief Financial Officer

Alternative Performance Measures (APM)

The performance of the Group is assessed using a variety of alternative performance measures that are not defined under IFRS and are therefore classified as non-IFRS. The alternative performance measures used by the Group are explained as follows:

Annual Contract Value (ACV)

Annual value of incremental business taken in-year. Includes new customers, up-sell/cross-sell. Only includes the recurring element of the contract and excludes variable elements.

Annual Recurring Revenue (ARR)

Annualized contract value committed at the end of the reporting period from active contracts with recurring revenue streams. Includes new customers, up-sell/cross-sell, and attrition. Excludes variable elements.

Total bookings

Includes fair value of license contract value, committed maintenance contract value on license and SaaS committed contract value. It must all be committed and evidenced by duly signed agreements.

Days Sales Outstanding (DSO)

Days sales outstanding is the average number of days that receivables remain outstanding. It has been calculated as the closing net trade receivables and contract assets at year end divided by total annual revenue multiplied by 365 days.

USDm	2021	2020
Trade receivables and contract assets – net	310.5	273.8
Non-IFRS revenue	967.0	899.9
Number of days per year	365	365
Days sales outstanding (DSO) (days)	**117**	111

Free cash flow

Net cash flows from operating activities and cash flows from investing activities associated with capital expenditure on non-current assets (property, plant and equipment, intangible assets and capitalized development costs).

USDm	2021	2020
Net cash generated from operating activities	460.1	383.0
(Purchase)/disposal of property, plant and equipment	(8.1)	(6.8)
Purchase of intangible assets	(3.4)	(2.8)
Capitalized development costs	(90.5)	(76.3)
Free cash flow	**358.1**	297.1

Operating cash flow conversion

Cash generated from operations divided by adjusted IFRS EBITDA (adjusted to exclude non-recurring specific items).

USDm	2021	2020
Cash generated from operations	473.0	406.2
IFRS EBITDA	382.1	382.6
Less: Kony earn out reversal	–	(20.5)
Adjusted IFRS EBITDA	382.1	362.1
Operating cash flow conversion (%)	**124%**	112%

Leverage

Net debt divided by non-IFRS EBITDA.

USDm	2021	2020
Net debt	(821.1)	(878.6)
Non-IFRS EBITDA	447.7	414.4
Leverage (ratio)	**1.8**	2.1

EBITDA*

Earnings before interest, tax, depreciation and amortization (EBITDA) is defined as operating profit excluding depreciation of property, plant and equipment and amortization of intangible assets.

Services margin*

Services operating margin is calculated as operating profit divided by services operating segment revenue.

* Reconciled with comparable IFRS measures.

FINANCIAL REVIEW continued

Reconciliation from IFRS to non-IFRS – EBIT/EBITDA

USDm	2021	2020
IFRS EBIT	238.1	233.6
Deferred revenue write-down	–	12.6
Amortization of acquired intangibles	52.7	65.6
Restructuring	16.0	29.0
Acquisition-related charges/(credits)	1.4	(20.4)
Share-based payment*	48.6	10.6
Non-IFRS EBIT	356.8	331.0
IFRS EBIT	238.1	233.6
Depreciation and amortization	144.0	149.0
IFRS EBITDA	382.1	382.6
Deferred revenue write-down	–	12.6
Restructuring	15.6	29.0
Acquisition-related charges/(credits)	1.4	(20.4)
Share-based payment*	48.6	10.6
Non-IFRS EBITDA	447.7	414.4

Reconciliation from IFRS earnings to non-IFRS earnings

USDm	2021	2020
IFRS EBIT	238.1	233.6
Finance cost – net	(26.6)	(29.4)
Taxation	(38.1)	(29.2)
IFRS net earnings (Profit)	173.4	175.0
Number of shares – Diluted (000)	72,377	73,232
IFRS EPS (USD)	2.40	2.39
IFRS net earnings (Profit)	173.4	175.0
Deferred revenue write-down	–	12.6
Amortization of acquired intangibles	52.7	65.6
Restructuring	16.0	28.5
Acquisition-related charges / (credits)	1.4	(20.4)
Share-based payment*	48.6	11.1
Taxation	(17.1)	(12.6)
Non-IFRS net earnings (Profit)	274.9	259.8
Number of shares – Diluted (000)	72,377	73,232
Non-IFRS EPS (USD)	3.80	3.55

* Share-based payments including related social charge costs and associated tax impact have been adjusted in line with the new non-IFRS definition adopted as of 1 January 2021. Prior year comparatives have been adjusted for comparability purposes with current year.

DEFINITIONS

Non-IFRS adjustments

Deferred revenue write-down
Fair value adjustments (write down) made to deferred revenue resulting from acquisitions under IFRS is adjusted back for non-IFRS.

Discontinued activities
Discontinued operations at Temenos that do not qualify as such under IFRS.

Acquisition-related charges
Relates mainly to advisory fees, integration cost and earn out credits or charges.

Amortization of acquired intangibles
Amortization charges as a result of acquired intangible assets.

Restructuring
Costs incurred in connection with a restructuring program or other organizational transformation activities planned and controlled by management. Severance charges, for example, would only qualify under this expense category if incurred as part of a Company-wide restructuring plan.

Share-based payment charges
Adjustment made for share-based payments and social charges, applicable only to non-IFRS numbers.

Taxation
Adjustments made to reflect the associated tax charge mainly on deferred revenue write-down, amortization of acquired intangibles and share-based payments, on the basis of Temenos' expected effective tax rate

Other definitions:

Constant currencies
Prior year results adjusted for currency movement.

Like-for-like (LFL)
Adjusted prior year for acquisitions and movements in currencies.

SaaS
Revenues generated from SaaS licenses.

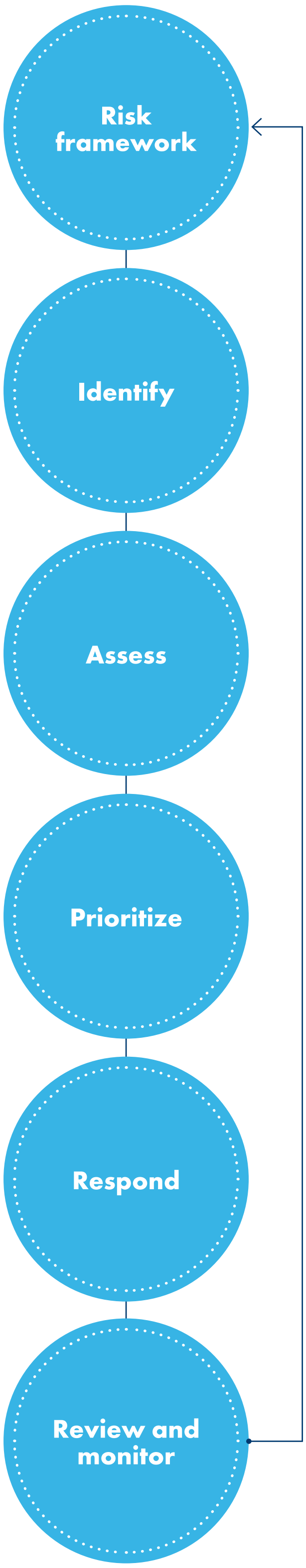
Net debt
Total borrowings (current and non-current) and cross currency swaps less cash and cash equivalents.

SERVICES OPERATING MARGIN
Reconciliation IFRS vs non-IFRS

	IFRS		Non-IFRS	
USDm	2021	2020	2021	2020
Revenue	156.0	163.1	156.0	163.1
Operating costs	(131.8)	(130.5)	(131.8)	(130.5)
Operating contribution	24.2	32.6	24.2	32.6
Unallocated expenses and depreciation*	(9.8)	(19.3)	(6.2)	(10.4)
Operating profit	14.4	13.3	18.0	22.2
Services operating margin	9.2%	8.2%	11.5%	13.6%

* Unallocated expenses are costs not considered as direct operating costs, such as property related costs, software costs, professional fees and restructuring costs (including severance). The non-IFRS adjustment in the year was USD 3.6 million (2020: USD 8.9 million).

RESPONSIBLE RISK MANAGEMENT



Risk management
Our risk management policy is aligned with ISO 31000: Risk management – Guidelines. It defines the methodology, roles and responsibilities, reporting and monitoring for key risks. Temenos' operational management is responsible for managing day-to-day risks and ensuring that controls are operating effectively, through a dual structure: a corporate risk team that identifies general strategy risks and establishes centralized policy and specialized functional teams that design and monitor policies and controls in consultation with local business teams. We have embedded risk experts within Temenos to monitor and influence the Company's risk profile, working side by side with the line managers. Periodic risk assessments are performed within business units and summarized results reported to management along with mitigation plans where appropriate. The Audit Committee is responsible for monitoring and auditing risk management performance by overseeing the program and reviewing key risks of the Group.

There is also a robust internal control and risk management system in place for financial reporting and key operational and fraud risks that goes beyond statutory requirements. All relevant risks are identified, formally assessed and documented. For each risk we have implemented specific controls and mitigation plans, and these are documented in formal risk and control matrices. The effectiveness of the controls is regularly evaluated through a formal self-assessment process which is independently reviewed and tested by both internal and external audit. Internal Audit also conducts an annual Fraud Risk Assessment review to ensure that key fraud risks have been identified and adequately mitigated. The results of the self-assessment exercise and internal and external audit reviews are reported to management and the Audit Committee.

The following sections outline the key risks that we have identified and track. They represent an aggregated view.

Economic, political and social environment
Temenos derives most of its licensing, SaaS, maintenance and services revenues from banks and other financial institutions. The banking industry is sensitive to changes in global economic conditions and financial markets and is highly susceptible to unforeseen external events, such as political instability, terrorist attacks, recession, inflation, environmental, public health or other adverse occurrences that may result in a significant decline in the use and/or profitability of financial services. Any event that results in decreased consumer or corporate use of financial services, or cost-cutting measures by financial services companies, may negatively affect the level of demand for Temenos products and services. Any reduction in the demand for the Group's products in the banking and finance industries or decrease in success in marketing the Group's products to financial sector clients and prospective clients could have a material adverse effect on the Group's operations and financial condition and results.

Temenos' sustainable global presence, organizational structure, international mobility and working from anywhere service delivery to clients, comprehensive product offering and market leadership help to mitigate this risk.

Law and litigation

Temenos operates in various legal jurisdictions and as such is subject to various legal and regulatory requirements. Temenos may have legal proceedings or litigious actions brought against it. The outcome of these proceedings or actions are intrinsically uncertain and the actual outcomes could differ from the assessments made by management in prior periods, resulting in increases in provisions for litigation in the accounts of Temenos. Adverse outcomes to legal proceedings or litigious actions could result in the award of significant damages or injunctive measures that could hinder Temenos' ability to conduct business and could have a material adverse effect on its reputation, business, operating results and financial condition.

Litigation of intellectual property infringement claims may increase as a result of Temenos acquiring companies which rely on third party code, including open source code, Temenos expanding into new areas of the banking industry resulting in greater overlap in the functional scope of products, and increasing assertion of intellectual property infringement claims by non-practicing entities that do not design, manufacture or distribute products.

Although Temenos has implemented controls and believes that its products do not infringe upon the intellectual property rights of others, and that Temenos has all the rights necessary to utilize the intellectual property employed in its business, Temenos is still subject to the risk of claims alleging infringement of third party intellectual property rights, including in respect of intellectual property that has been developed by third parties and acquired by Temenos in business or asset purchase transactions. Responding to such claims, regardless of whether they are with or without merit, and negotiations or litigation relating to such claims could require Temenos to spend significant sums in litigation costs, payment of damages and expend significant management resources. In addition, such claims could lead to delivery delays or require the Group to enter into royalty or licensing agreements on unfavorable terms, discontinue the use of challenged trade names or technology, or develop non-infringing intellectual property. The Group's liability insurance does not protect it against the risk that its own or licensed third-party technology infringes the intellectual property of others. Therefore, any such claims could have a material adverse effect on the Group's reputation, business, operating results and financial condition.

Temenos legal teams are aligned to business operations and are involved early in any decisions which may incur legal implications. The legal team reviews and provides guidance on complex client contracts to ensure contractual agreements align to local commerce laws and regulations. Whenever possible, Temenos tries to contractually limit its liabilities. This is covered further in Foreign Operations.

More broadly, the risk of potential breach of legislative or regulatory requirements through general operations, such as breach of listing requirements or Group level legal requirements, are managed through Group level controls, compliance policies and procedures.

Policy compliance requirements are periodically assessed through Risk Management processes and reviewed by Internal Audit to provide comfort over adequacy of policies, processes and compliance.

IP protection

Temenos relies upon a combination of copyright, trademark and trade secrecy laws, trade secrets, confidentiality procedures, contractual provisions and license arrangements to establish and protect its proprietary rights and Temenos' ability to do so effectively is crucial to its success. Temenos enters into agreements with its employees, partners, distributors and clients that seek to limit the distribution of and otherwise protect its proprietary information. However, Temenos cannot give full assurances that the steps taken will be adequate to prevent misappropriation of its proprietary information as all of the protection measures afford only limited protection. Temenos' proprietary rights could be challenged, invalidated, held unenforceable or otherwise affected. Certain proprietary technology may be vulnerable to disclosure or misappropriation by employees, partners or other third parties, and third parties might reverse-engineer or otherwise obtain and use technology and information that Temenos regards as proprietary. Accordingly Temenos might not be able to protect its proprietary rights against unauthorized third party copying or utilization, which may undermine Temenos' market position and deprive it of revenues.

Temenos may not be able to detect unauthorized use of its intellectual property, or take appropriate steps to enforce Temenos' intellectual property rights. Temenos' products are used globally, and are therefore subject to varying laws governing the protection of software and intellectual property in each of these jurisdictions. Temenos cannot guarantee that its software and intellectual property will be afforded the same level of protection in each jurisdiction, as some jurisdictions may offer no effective means to enforce Temenos' rights to its proprietary information, which could result in competitors offering products that incorporate features equivalent to Temenos' most technologically advanced features, which could have a material adverse effect on Temenos' business, results of operations and financial condition.

Any legal action that Temenos may bring to enforce its proprietary rights could involve enforcement against a partner or other third party, which may have a material adverse effect on its ability, and its clients' ability, to use that partner's or other third parties' products. Moreover, litigation, which could involve significant financial and management resources, may be necessary to enforce Temenos' proprietary rights. Any material infringement of Temenos' proprietary technology could have an adverse effect on its reputation, business, financial position, profit and cash flows. Our partner contracts are designed in a manner which provides clarity and understanding of both parties with regard to the protection and safeguarding of their IP.

Undetected defects or security vulnerabilities

Temenos' products and offerings may contain defects or security vulnerabilities that Temenos has not been able to detect and that could adversely affect the performance of the products and negatively impact Temenos' relationship with its clients. It is not always possible to identify and rectify all errors or defects during a product or services developmental phase, and more commonly Temenos has discovered minor software defects in certain new versions and enhancements of its products after they have been introduced. The detection and subsequent correction of any errors or defects can be expensive and time consuming, and it is not always possible to meet the expectations of clients regarding the timeliness and the quality of the defect resolution process. In a worst-case scenario, it might not be possible to wholly rectify certain defects or entirely meet client expectations. In such circumstances it is possible that clients may pursue claims for refunds, damages, attempt to terminate existing arrangements, request replacement software or seek other concessions.

A defect or error in any newly developed software of Temenos could result in adverse client reactions and negative publicity, as Temenos' clients and potential clients are highly sensitive to defects in the software they use. Any negative publicity could hinder the successful marketing of the new software, reducing demand for the software. A defect or error in new versions or enhancements of Temenos' existing products could result in the loss of orders or a delay in the receipt of orders and could result in reduced revenues, delays in market acceptance, diversion of development resources, product liability claims or increased service and warranty costs, any of which may have a material adverse effect on Temenos' business, results of operations and financial condition. Any claim brought against Temenos in connection with defective software, regardless of its merits, could entail substantial expense and require a significant amount of time and attention by management personnel.

We have a comprehensive Quality Management System in place as part of the software development lifecycle. We have centralized our product security group and practices. Extensive testing is carried out to identify and resolve any issues which may adversely affect the functionality, security and other performance of our products and offerings.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Key personnel

Temenos operates in an industry in which there is intense competition for experienced and highly qualified individuals. The success of Temenos is partly dependent on its ability to identify, attract, develop, motivate, compensate and retain highly skilled and qualified management and other personnel, particularly those with expertise in the banking software industry. There is intense competition for experienced and highly skilled personnel globally and if Temenos fails to recruit and retain the numbers and types of employees that it requires, its business, operating results and financial condition may be adversely affected.

Incentive and recognition programs are utilized to align staff efforts to organizational objectives. Employees receive various training to ensure they have the necessary skills to perform their duties. Various CSR initiatives are in place to demonstrate our commitment to a purposeful workplace. Career and succession planning is carried out annually to provide for continuity of operations.

Share-based compensation

Our compensation program includes stock appreciation rights and performance-based equity, which are important tools in attracting and retaining senior employees. If our share price performs poorly or the number of SARs or shares for distribution is limited, there may be an adverse impact on our ability to retain or attract our senior employees. We periodically review our compensation schemes and consider changes from time to time, such as amending the number of employees granted equity awards or the number of equity awards granted per employee, which may have an impact on our ability to retain employees and the amount of stock-based compensation expense that we record. Any changes in our compensation practices or those of our competitors could affect our ability to retain and motivate existing personnel and to recruit new personnel.

Foreign operations

Temenos systems are currently installed at more than 3,000 live sites in over 150 countries and it has sales and support offices in 39 countries. Temenos' future revenue growth depends on the continued successful expansion of its development, sales, marketing, support and service organizations, through direct or indirect channels, in the various countries around the world where its current and potential clients are located, including in many developing countries. Such expansion may require the opening of new offices, hiring new personnel and managing operations in widely disparate locations with different economies, legal systems, languages and cultures, and may require significant management attention and financial resources. Temenos' operations are also affected by other factors inherent in international business activities, such as:

» Differing or even conflicting laws and regulation of risk and compliance in the banking sector
» Difficulties in staffing including works councils, labor unions and immigration laws, changing work practices (e.g. flexible working, working from home and part-time working) and foreign operations
» The complexity of managing competing and overlapping tax regimes
» Differing import and export licensing requirements
» Operational difficulties in countries with a high corruption perception index
» Protectionist trade policies such as tariffs
» Limited protection for intellectual property rights in some countries
» Difficulties enforcing intellectual property and contractual rights in certain jurisdictions
» Differing data protection and privacy laws
» Political and economic instability, outbreaks of hostilities, terrorism, mass immigration, international embargoes, sanctions and boycotts.

The risks associated with the factors stated above will intensify as Temenos expands further into new countries and markets through organic growth or acquisitions. Additionally laws and regulations and governments' approaches to their enforcement, as well as Temenos' products and services, are continuing to change and evolve. Compliance with the laws and regulations in the various jurisdictions may involve significant management time, costs and require costly changes to products and/ or business practices.

Risks related to foreign operations are regularly assessed and mitigated as needed. Specific policies and procedures are in place to ensure compliance with export control and sanctions, anti-bribery and corruption, anti-money laundering, data protection and privacy and other legislation.

Foreign exchange and/or interest rate fluctuations

Temenos' financial statements are expressed in US dollars and Temenos generates the majority of its revenues in US dollars. However, a significant portion of its operating expenses are incurred in currencies other than the US dollar, particularly in Euros, Swiss francs, Rupees and Pounds sterling.

Temenos is exposed to the fluctuation in exchange rates of each of these currencies. Temenos makes efforts to mitigate its foreign exchange risk by aligning its revenue streams to currencies that match its cost base and hedges most of the material residual exposure by the use of derivative instruments. However, such hedging may not be sufficient protection against significant fluctuations in the exchange rate of the US dollar to other currencies, in particular those currencies in which Temenos incurs operating expenses, generates revenues or holds assets. Such fluctuations may impose additional costs on Temenos and have a material adverse effect on Temenos' financial condition and results of operations, and on the comparability of its results between financial periods.

Furthermore, the Group is exposed to the fluctuation in interest rates. Some of the Group's financing arrangements bear interest at floating rates of interest plus a margin and are adjusted periodically. These interest rates could rise significantly in the future. To the extent that interest rates were to increase, the Group's interest expense would correspondingly increase, reducing Group cash flow. This could have a material adverse effect on the Group's business, financial condition and results of operations.

Temenos uses a combination of various techniques to protect against currency and interest rate fluctuations.

Compliance with the terms of Temenos credit facilities

Temenos has credit facilities in place with a syndicate of banks. The facilities contain financial and negative covenants, undertakings and event of default provisions. Moreover, the facilities contain cross-default provisions such that a default under another debt instrument, such as bonds, could result in a default under the credit facilities and acceleration of the debt thereunder.

The inability of Temenos to draw down the credit facilities to satisfy its financing requirements could have an adverse effect on Temenos' growth. Compliance with the terms is monitored on a monthly basis.

Managing client relationships

Temenos enters into long-term relationships with its clients. The contractual arrangements supporting these relationships are often varied and diverse to reflect the nature of the requirements of the client factoring in specific legal and cultural requirements of the client's operating environment as well as the multiple stages of the relationship.

Temenos regularly assesses client satisfaction and proactively seeks and responds to client feedback.

Mechanisms for tracking and oversight of contract clauses are utilized by the global contract team to provide additional comfort over the effective management of client contractual arrangements.

Temenos aims to build long-term strategic relationships with clients in order to maximize the value provided to both parties. Through strong relationships, Temenos is able to further develop products according to industry needs and requirements.

Strategic partnerships

Temenos delivers its products to clients directly and indirectly through distributors and through strategic alliances with IT service providers. Temenos' strategic partners sell to clients and provide implementation services through a contract with the client, rather than with Temenos. These relationships with IT service providers and strategic partners help to drive co-innovation of Temenos' products, profitably expand Temenos' routes-to-market to enhance market coverage and provide high quality services in connection with Temenos' product offerings. Any failure to maintain and expand these relationships could adversely affect Temenos' products and services which, in turn, would have an adverse effect on Temenos' ability to compete successfully with its competitors and therefore negatively affect the results of operations and financial condition.

Cloud and SaaS solutions

Cloud and SaaS technology is inherently complex and as such, Temenos may be subject to changing regulatory requirements, evolving client attitudes and technical complexities in developing new business offerings and support services. Temenos may fail to achieve desired operating profit results in this market due to regulatory changes, inability to develop a competitive product which appeals to its clients.

In delivering its SaaS and cloud services, Temenos is highly dependent on the availability and security of underlying infrastructure provided by various suppliers including for example Microsoft Azure and Amazon Web Services (AWS). By providing cloud and SaaS technology to clients, Temenos will hold client data. Hardware, software, network or data center failures, product defects or system errors could result in data loss or corruption, or cause the information held to be incomplete or contain inaccuracies. The availability of Temenos' application suite could be interrupted by a number of factors, such as the failure of a key supplier, its network or software systems due to human or other error and security breaches.

Although Temenos employs strict security, data protection and privacy measures there is a risk that such measures could be breached as a result of third party action, employee error and malfeasance, or otherwise, and if as a result unauthorized access is obtained to client data, which may include personally identifiable information about users, Temenos could suffer significant reputational damage and be exposed to significant liabilities.

Temenos continues to enhance its cloud and SaaS offering and associated security. In addition, Temenos holds an annually renewed SSAE18, SOC 1, SOC 2 and SOC 3 along with a CSA-CCM (Cloud Security Alliance – Cloud Control Matrix) compliance attestation. ISO 9001, ISO 27001, ISO 27017, ISO 27018, ISO 20000-1 and ISO 22301 certifications also provide a greater degree of assurance to clients. Temenos has further extended its independent compliance validation program by certifying the Azure Infrastructure against PCI-DSS standard for Temenos Australia clients.

Software implementation project management

The implementation of Temenos' software and integration of various product components is a complex process requiring skilled and experienced personnel. The implementation of Temenos' software is often performed in part or wholly by service delivery partners as well as committed resources of the client. The complex nature of the solutions makes it necessary to provide training and education on the operation of the product.

The reliance on third party capabilities, and the complex nature of product customization and installation requirements mean that there is a high potential for unforeseen events to occur delaying the progress of implementations.

Temenos focuses heavily on training the staff and partners responsible for implementation of software to ensure a strong mix of qualified project managers and technical product expertise. Temenos ensures the adequacy of skills through requiring certification of staff and partners in Temenos Implementation Methodology and products. Our provision of the Temenos Learning Community (TLC) shows our ongoing commitment to this area.

Implementation teams are also trained to identify and effectively manage any unforeseen events and a suite of risk management tools is used to monitor and track potential issues which may adversely impact the successful installation of software. Project governance boards are held regularly to oversee the delivery of the implementation against milestones.

Temenos Implementation Methodology is periodically reviewed and updated in order to maintain high standards for Temenos staff and partners. Identified initial project risks receive an increased level of review and analysis in order to more effectively mitigate and monitor them throughout the life of the implementation project.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Mergers and acquisitions
Temenos pursues a strategy of making targeted acquisitions. The risks associated with such a strategy include the availability of suitable candidates and successful integration. Risk of failure to assimilate operations and personnel may materialize. The process of integrating an acquired company or business may create unforeseen operating difficulties and expenditures.

Further consolidation in Temenos' industry may decrease the number of potential desirable acquisition targets. Failure to acquire, integrate and derive the desired value of any businesses or assets in the future could materially adversely affect Temenos' business, results of operations and financial condition.

In addition, acquired businesses might not perform as anticipated, resulting in charges for the impairment of goodwill and other intangible assets on Temenos' statement of financial position.

Detailed integration planning and integration project management are utilized to ensure a smooth transition of operational activity, product offerings and services. Legal, financial, commercial, operational, personnel, IT and security matters are also considered prior to integration in order to limit exposure to unexpected losses or damage.

Security, business continuity and resiliency
As a software technology vendor and SaaS provider, we face various cyber and other security threats, including:

» Attempts to gain unauthorized access to sensitive information and data
» Threats to the safe and secure operation of our software solutions and services
» Threats to the safety of our Directors, officers and employees
» Threats to the security of our facilities and infrastructure
» Threats from terrorist acts or other acts of aggression.

Our clients and partners (including subcontractors) face similar threats.

Although we utilize various procedures and controls to monitor and mitigate the risk of these threats, there cannot be full assurance that these procedures and controls will be sufficient. These threats could lead to losses of sensitive information or capabilities, harm to personnel, infrastructure or products, and/or damage to our reputation as well as our partners' ability to perform on our contracts.

Cyber threats are evolving and include, but are not limited to:

» Attempts to gain unauthorized access to data, information or intellectual property
» Disruption to or denial of service
» Other malicious or criminal activities.

These threats could lead to disruptions in mission-critical systems, unauthorized release of confidential, personal or otherwise protected information (ours or that of our employees, clients or partners), and corruption of data, networks or systems. In addition, we could be impacted by cyber threats or other disruptions or vulnerabilities found in products we use or in our partners' or clients' systems that are used in connection with our business. These events, if not prevented or effectively mitigated, could damage our reputation, require remedial actions and lead to loss of business, regulatory actions, potential liability and other financial losses.

We provide software products and services to various clients who also face cyber threats. Our software products and services may themselves be subject to cyber threats and/or they may not be able to detect or deter threats, or effectively to mitigate resulting losses. These losses could adversely affect our clients and our Group. The impact of these factors is difficult to predict, but one or more of them could result in the loss of information or capabilities, harm to individuals or property, damage to our reputation, loss of business, regulatory actions and potential liability, any one of which could have a material adverse effect on our financial position, results of operations and/or cash flows.

From an organizational perspective, the Security and Privacy Committee provides the Group level oversight.

In terms of business processes, security assurance is integrated into all business processes related to R&D, the supply chain, sales and marketing, delivery and technical services. In addition, Temenos reinforces the implementation of the cyber security assurance system by conducting internal audits and receiving external certification and auditing from various independent third party organizations.

In connection with personnel management, our employees, partners and consultants are required to comply with security policies and requirements established by Temenos and receive appropriate training so that the concept of security is deeply rooted throughout Temenos. To promote cyber security, Temenos will take appropriate action against those who violate cyber assurance policies. Employees may also incur personal legal liability for violation of relevant laws and regulations. If Temenos security measures are breached and unauthorized access is obtained to Temenos' IT systems, Temenos' business could be disrupted and Temenos may suffer financial losses as a result of the loss of confidential client information or otherwise.

Temenos' insurance coverage might not cover claims against it for loss or security breach of data or other indirect or consequential damages. If Temenos experiences interruptions in the availability of its application suite, Temenos' reputation could be harmed, which may have a material adverse effect on Temenos' business and financial condition.

As part of the periodic Risk Assessment of IT infrastructure, potential physical and security vulnerabilities are factored into the process for developing a resilient and robust IT infrastructure.

The physical security of IT infrastructure and personnel are kept secure through standardized general IT controls across Temenos in line with best practice standards.

Temenos has implemented a fully compliant ISO 27701 Business Continuity Management System (BCMS) to cover Business Continuity and Resilience requirements. The framework touches on all aspects of Business Continuity and Resilience and is tested and audited regularly.

Information systems are regularly audited internally and externally to provide assurance over the management of these risks.

Insurance
Temenos' Corporate Insurance team manages all global policies. The main global policies provide coverage across core business areas such as Professional Indemnity liability (errors and omissions), Cyber Liability Insurance, Crime Insurance, Global Travel and Directors & Officers insurance.

As with any large organization, Temenos strives to secure that its activity, offices and employees are adequately covered, given the liability exposure and the insurance market capacities.

Temenos counts on reliable insurance partners, hence most of Temenos' insurance providers are A or A+ AM Best rated companies.

Across the various legal jurisdictions in which Temenos operates, compliance with the local legal requirements is ensured by holding certain insurance policies such as workers' compensation policies and third party liability, employees' health and accidents benefits protection.

Temenos' local offices manage their legally required policies with oversight and review by Group management. Each office/Temenos entity is insured against property damage, business interruption and public liability risks. Information and IT infrastructure is also covered by regional and/or local policies.

Environment and sustainability
As a Company, we recognize that climate change is a global challenge with financial implications. We also recognize the importance of understanding and taking action on our material environmental impacts, risks and opportunities. As an IT company, to serve our clients, we rely heavily on people, computing resources and business travel. We are aware of the environmental impacts of our business and support a precautionary approach to environmental challenges on our own initiative and an environmentally responsible way of conducting our business operations and serving our clients.

Climate change
In response to increasing concern about the impact and risk associated with climate change, Temenos has aligned the climate risk assessment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). As part of this, we have conducted a qualitative scenario-based climate assessment to identify both climate-related risks and opportunities, in order to inform Temenos medium- and long-term business strategy. Governmental actions to mitigate climate change could increase operating costs. Increased frequency of extreme weather (storms, floods, heat waves) could cause disruption of our operations. Failure to meet client, partner, investor, other stakeholder expectations or globally recognized standards on sustainability and climate change strategy could have an impact on the demand for our products, our ratings in sustainable investment indices and our corporate reputation, resulting in reduced growth and profitability.

Biodiversity
Temenos recognizes the indispensable role biodiversity plays in a sustainable world and has included such risks in its environmental risk assessment registry: operational risks associated with resource dependency; regulatory risks as regulatory changes are anticipated and must be addressed in a timely manner as policymakers ramp up policy action on biodiversity; market risks as consumers' preferences towards products with reduced biodiversity impacts can create a shift on the product demand.

Our strategy
As part of our environmental responsibility and climate change strategy, we have set up an internal Company-wide mechanism, in order to measure, monitor and report on our global impact. Our ISO14001 certified Environmental Management System provides a solid framework to address such risks and drives continual improvement. We also implement mitigation, adaptation, energy reduction and emissions' avoidance initiatives, by putting in place policies, management systems and setting internal targets to improve energy efficiency, reduce emissions and invest in carbon removal and/or offset projects for the carbon we cannot reduce or avoid. We have incorporated environmental requirements into our corporate facilities management practices. We have committed to near-term Science Based Targets initiative and aligned with the Business Ambition of 1.5°C. We work with like-minded business partners and suppliers to ensure continued availability of our business operations and products and sustainable options for our clients. We monitor environmental regulations, trends and other related governmental developments in the countries we operate and take proactive actions. Where environmental legislation is not clear or enforced, we ensure that all necessary environmental practices are in place. We communicate our environmental responsibility strategy to all our stakeholders and raise awareness internally and externally. Through our cloud & SaaS product offering, we help our clients integrate environmental sustainability into their business strategies, by enabling them to reduce their environmental impact, as well as helping their customers track their environmental footprint. We are an environmentally responsible neighbor and support environmental projects in the communities where we operate. We engage in initiatives focused on nature-based solutions, such as tree-planting and earth restoring activities, to tackle climate change and improve biodiversity. We participate in global efforts to improve environmental protection and understanding and align with the United Nation's global agenda for sustainable development. We ensure that our clients, suppliers, partners and contractors are committed to following our environmental policies and setting environmental targets, by conducting sustainability risk assessments as well as audits and reporting annually to the Board of Directors.

Internal controls failures
Although Temenos considers the controls and procedures it currently has in place to minimize the financial reporting, legal, disclosure and other regulatory, compliance, non-financial and operational risks associated with its business to be adequate, Temenos recognizes that the efficacy of some of these controls and procedures depends significantly on employees and contractors, and on input from external parties and all of these controls and procedures need to be kept under regular review, particularly given the pace at which Temenos' business has developed and generally increasing regulatory scrutiny.

There is no guarantee that Temenos will not be targeted by those willing to commit fraud against Temenos. Such an action could come from either an internal or external source and could result in a significant adverse impact on Temenos' business, results of operations and financial condition.

Internal controls are regularly reviewed, updated and tested in accordance with our Internal Control System process and additionally by Internal Audit which serves as a third line of defense to provide assurance on the effectiveness of risk management and internal controls systems.

In addition to the assurance provided by Internal Audit, Temenos engages a range of external assurance providers to provide industry standard certifications e.g. ISO accreditations and Systems and Organization Control (SOC) reports.

MESSAGE FROM THE CEO

RESPONSIBLE AND **SUSTAINABLE BUSINESS**

Max Chuard
Chief Executive
Officer

Even as the unprecedented social and economic disruption from Covid-19 abates, the world continues to change at a rapid pace.

As a society, we face significant challenges that will not end with the passing of the pandemic. The past two years have exacerbated existing financial and social inequalities, threatening global recovery. The world of work has changed fundamentally, with flexible, hybrid working now a permanent feature. And while Covid-19 has been our focus in the near term, climate change remains the biggest long-term threat to our future. It has rightly been identified by the World Economic Forum's 2022 Risk Report as the foremost concern among the global community.

In this fast-changing environment, businesses must step up to support society by creating sustainable value for all their stakeholders. This is more than a moral responsibility; it is a business opportunity.

Led by the millennial generation, investors are prioritizing ESG issues in their decision-making. Customers are increasingly matching their money with their values. And social value has become a key consideration for employees and potential hires.

At Temenos, we stand at the frontier of banking and technology, two of the most powerful forces for change in our world. We are committed to using this position to provide value for everyone associated with us. It makes me proud that operating responsibly, ethically and sustainably has been part of our Company's DNA since the beginning.

We do not see our ESG strategy as separate from corporate strategy and governance, but a critical component that we have integrated into our value chain. It drives business value, future-proofing our operations, supply chain and product offering.

In terms of our operations, we have adopted the TCFD framework and published our first qualitative report on climate-related risks and opportunities last year. By reducing the carbon footprint of our operations, we align our Environmental Responsibility agenda with the most ambitious aims of the Paris Agreement. And at the same time, we ensure efficient management of internal resources. Equally, by committing to providing value for our employees through an inclusive, purposeful and sustainable working environment, we attract and retain skilled talent.

"Our 2021 Corporate Responsibility and Sustainability Report details our progress so far. It reflects our strong commitment to accelerating our growth while taking care of the world around us. And it outlines how this will take place within our vision for Temenos to be Everyone's Banking Platform, making banking possible for 1.2 billion people worldwide."

What is good for our business is also good for the societies we serve. And nowhere is this more apparent than in our work with our clients.

Every year the banking sector produces around 6.5 billion cards worldwide, churning out 136,500 metric tons of carbon dioxide in the process. Meanwhile, greenhouse gas emissions associated with the sector's investing, lending and underwriting activities are more than 700 times higher than its direct emissions.

Banks understand the urgency to act. We have seen this with the Net-Zero Banking Alliance, representing over 40% of global banking assets, as well as the Glasgow Financial Alliance for Net Zero and the Principles for Responsible Banking, all committing to the transition to a low-carbon, climate resilient future and accelerating the financial sector's transition to net zero.

At the same time, pressure is coming from regulators, with the resilience of banks against climate change risks facing increased scrutiny. The regulatory framework has developed at a rapid pace over the past few years in the EU and the US. The European Central Bank as well as the Bank of England have already launched supervisory climate risk stress tests to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk.

Through digital transformation, we are helping the banking sector transition to a low-carbon economy by becoming smart, sustainable organizations. We are working with our partners, like Microsoft, AWS, IBM and Google, to offer the most sustainable options to our clients. The Temenos Banking Cloud can help clients generate up to 98% lower carbon emissions than operating their own data centers.

We are also helping banking go further in addressing societal challenges. Temenos was proud to help banks be part of the solution during the pandemic, channeling financial support that safeguarded businesses, jobs, and livelihoods. Today, banking players are using the power of our open platform for composable banking to drive innovative, cost-efficient and highly scalable sustainable banking models. These range from Orange Bank, which is using mobile banking to address financial inclusion in West Africa, to Flowe, an Italian challenger bank helping customers make more sustainable choices for themselves and the environment.

We aim for best-in-class disclosure and benchmark our ESG performance against global standards through all our endeavors. And I'm delighted that the leading global benchmarks have extensively recognized our performance.

We are among the leading companies in our sector, rated by indices and investor ratings, such as Dow Jones Sustainability Index, FTSE4Good, CDP, ISS, MSCI, EcoVadis, Sustainalytics and Bloomberg Gender Equality Index. We remain among the 25 Swiss stocks from the SMI® Expanded Index with the best sustainability scores. And in 2021, we again ranked in the top 1% of the Software and Services category in the DJSI World and Europe. We were one of the only two companies listed in the Europe Index.

Our 2021 Corporate Responsibility and Sustainability Report details our progress so far. It reflects our strong commitment to accelerating our growth while taking care of the world around us. And it outlines how this will take place within our vision for Temenos to be Everyone's Banking Platform, making banking possible for 1.2 billion people worldwide.

I am very proud of our achievements, and I am excited by what we can achieve next. We are in the process of setting Science-Based Targets and plan to have them externally validated by the end of this year. These targets show our vision of the future. We will innovate with purpose on our open platform for composable banking, integrating new AI-driven and third party applications around areas such as impact investing in wealth and carbon footprint tracking for retail customers. Again, this makes both societal and business sense. As well as making a massive difference to climate change at scale, these apps will also bring value to the banks as they help them attract and retain their customers.

Achieving business success responsibly and sustainably has been the foundation of our Temenosity culture over the past 28 years. It will continue to drive us forward in the years to come. Because it is no longer enough to have the best, fastest or cheapest product... it is about operating responsibly and doing business with our people, clients, partners and communities that share our values.

So to keep on doing what we know best, the right way, not just the easy way.

Max Chuard
Chief Executive Officer

OUR CSR AND SUSTAINABILITY APPROACH

ABOUT TEMENOS

We exist to make banking better, together

Founded in 1993, Temenos is the world's leader in banking software. Over 3,000 banks across the globe, including 41 of the top 50 banks, rely on Temenos to process both the daily transactions and client interactions of more than 1.2 billion banking customers. Temenos offers cloud-native, cloud-agnostic and AI-driven front office, core banking, payments and fund administration software, enabling banks to deliver frictionless, omnichannel customer experiences and gain operational excellence. We make banking possible for 1.2 billion people worldwide – 30% of the world's banked population. Temenos software is proven to enable its top-performing clients to achieve cost-income ratios of 26.8%, half the industry average, and returns on equity of 29%, three times the industry average. These clients also invest 51% of their IT budget on growth and innovation versus maintenance, which is double the industry average, proving the banks' IT investment is adding tangible value to their business. Headquartered in Geneva, Switzerland, we currently have 62 offices in 39 countries and had non-IFRS revenues of USD 967 million for the year ended 31 December 2021. Temenos has been a public company listed on the SIX Swiss Exchange (TEMN) since June 2001. Temenos employs 8,661 people worldwide, including full-time employees and contractors.

Our Culture: Everyone's banking platform

Our purpose is to power a world of banking that creates opportunities for everyone. The reason why people work at Temenos is the passion to make banking better, together. At Temenos, everyone has the power to create their own destiny and to make a positive contribution to the world of banking and society.

Our Temenosity Values (The 4Cs):

Together we **create value** for everyone when:

- We **challenge** the status quo, try to look at things differently, and drive change
- We **commit** with determination and persistence to make things happen
- We **collaborate** within Temenos and across a broader partner ecosystem
- We **care** and listen to each other, our clients, partners and the communities we serve.

For more information on our Culture, please refer to our website.

#TEMENOSITY

ENSURING ESG DELIVERS BUSINESS VALUE ALONG OUR VALUE CHAIN WITH TARGETED INITIATIVES

Product & cloud	» **Measure and showcase green benefits** of Temenos Banking Cloud » Onboard ESG partners on **Temenos Exchange** » Incorporate **sustainable software engineering** practices.	» Increase sales opportunities » Increase win rate » Remain competitive.
Sales & marketing	» ESG to be integral part of our **brand** and **marketing strategy** » Organize **first ESG event** for Temenos community.	» Increase sales opportunities » Remain competitive.
HR	» Introduce **purpose-driven talent management**.	» Increase retention » Attract best talent and new skills.
Finance	» Implement **TCFD recommendations** » Set **Science-Based Targets** by FY 2022 end » Identify **sustainable financing options**.	» Increase financing options » Remain competitive.
Procurement	» Require **critical suppliers to have SBTs by 2025** » Set up **supplier diversity framework**.	» Remain competitive with clients and partners.
Support operations & analytics	» Establish real time **BI system** for ESG data disclosures and reporting.	» Remain competitive » Drive internal efficiency.

Our commitments

Operating Responsibly is in our DNA, part of our Temenos culture. We strongly believe that our long-term success requires a sustainable business model that incorporates responsibility as an important part of our business operation. Temenos is committed to achieving business excellence and long-term value through superior financial performance while operating responsibly and with integrity, honoring ethical values and respecting its stakeholders, communities and the environment.

We are committed to:

- Building long-term sustainable relationships with our stakeholders
- Managing our operations in a responsible, secure and sustainable way
- Helping our clients transform into smart, sustainable organizations
- Contributing to the global efforts to address social and environmental issues
- Achieving both financial and non-financial value for our stakeholders.

Our priority areas

For 28 years, these commitments have guided the way we operate internally, innovate and deliver on our business mission. Our corporate responsibility and sustainability strategy focuses on mitigating risk and creating value across priority environmental, social and governance (ESG) areas towards five directions:

- Achieving Business Excellence
- Operating Responsibly
- Investing in our People
- Enabling Access to Financial Services
- Investing in our Communities.

OUR CSR AND SUSTAINABILITY APPROACH continued

Our endorsements

Temenos is included in the SXI Switzerland Sustainability 25® Index among the 25 Swiss stocks from the SMI® Expanded Index with the best sustainability scores. We base our CSR reporting on the Global Reporting Initiative (GRI) Standards. We have endorsed the UN Global Compact (UNGC), and are committed to submitting an annual Communication on Progress implementing the UNGC's 10 principles. We are members of the Global Compact Network Switzerland. We have aligned our Business Code of Conduct and corporate policies with the UNGC's 10 principles on the four issue areas of Human Rights, Labor, Environment and Anti-Corruption, as well as the OECD Guidelines for Multinational Enterprises. Our commitments strongly align with the UN Sustainable Development Goals (SDGs). We support the SDGs and publicly report ways in which our operations as well as our product portfolio are contributing to the global effort to achieve the UN SDGs.

Temenos is also a member of the World Economic Forum (WEF). Temenos participates in a number of key WEF events, demonstrating the significance of our contribution to the banking industry and more broadly to society as a whole, including the Sustainable Development Impact Summit. Temenos' attendance confirms our commitment to furthering the sustainability agenda and advancing the UN SDGs.

Reporting, verification and assurance are important tools for us to measure our progress as well as document our non-financial performance to all our stakeholders, while remaining competitive and ahead of the game.

Our achievements

Throughout 2021, as a result of our active dialogue with our stakeholders, we continued to benchmark our sustainability performance against international business benchmarks and voluntary initiatives, in order to better address the needs of our stakeholders. In recognition of our sustainability performance, Temenos:

- Was included in the 2021 Dow Jones Sustainability World Index (DJSI) for the third year running and in the DJSI Europe Index for the second time. Temenos ranked in the top 1% of the Software and Services category in the DJSI World. Temenos had a strong year-on-year increase in corporate governance, tax strategy and governance, privacy protection, operational eco-efficiency, climate change, labor practice indicators and human capital development.
- Received the Silver Class distinction in the S&P Sustainability Yearbook 2022 for its excellent sustainability performance. In addition, Temenos was also awarded Industry Mover status, as the Company recorded the strongest year-on-year score improvement in its industry.
- Maintained inclusion in the FTSE4Good Index Series.
- Was included for the first time in 2022 Bloomberg Gender-Equality Index. Temenos achieved a perfect 100% disclosure score, compared to 95.35% average for the technology sector, while the Temenos overall GEI score was 72.64%, 3% higher than the Technology sector average.
- Maintained a Prime ESG rating by ISS and received an AA rating in the MSCI ESG Rating.
- Received an ISS QualityScore rating of "1" in ISS ESG's Social as well as Environmental categories by ISS ESG Corporate Rating for its sustainability performance.
- Received a rating of A- (Leadership band) in the Carbon Disclosure Project (CDP)-Climate Change and is among 21% of companies that reached Leadership level in IT and software development activity group. This rating is higher than the Europe regional average of B, and higher than the IT and software development sector average of C.
- Obtained a platinum medal level by EcoVadis for its CSR performance, placing Temenos among the top 1% of companies assessed by EcoVadis.
- Received ISO 14001:2015 certification for its Environmental Management System in the UK London office, increasing the certified offices to seven and reaching coverage at 63.2% based on the total global employee headcount.

BENCHMARKING AGAINST GLOBAL INDICES AND RATINGS

Our achievements

Top 25 Swiss stocks
SXI Switzerland Sustainability 25® Index

2nd in the SOF category globally
Dow Jones Sustainability Index World & Europe

2x Sustainability Award Winner
2022 S&P Global Silver Class + Industry Mover

Top 10%
FTSE4Good Index

Highest rating
CDP Leadership (A/A-)

Top 20%
MSCI AA Rating

Highest rating
ISS E&S Rating

PRIME status
ISS ESG Corporate Rating

Top performer
Bloomberg Gender Equality Index

Top 1%
EcoVadis Platinum medal

Low risk
Sustainalytics low risk

Top 20%
Vigeo Eiris

Stakeholder groups	Examples of engagement	Stakeholder key concerns	Location in report
Employees Frequency: daily	» Employee surveys: Employee Engagement Survey, New Hire Survey » Performance Management: Pathfinder, People Space and Talent Review » Career Week » Learning and development » Temenos Learning Community (TLC) » Internal communication: uni-T intranet, social media, marketing, HR and regional newsletters » Townhall meetings and Leadership Live » Employee recognition: GEM quarterly regional awards, annual Temenosian awards, Sales Club, hackathons, Temenosity badges » Internal global mobility scheme » Better Together Hybrid Work model » Business Code of Conduct and linked policies » Buddy and mentorship programs » Employee CSR volunteering and fundraising matching scheme	» Employee experience » Learning and development » Internal communication » Employee benefits and pay » Engagement and satisfaction » Employee recognition » Diversity and inclusion » Internal mobility » Employee wellbeing » Future of work » Purpose-driven talent management	» Investing in Our People
Clients Frequency: daily	» Client surveys: Client Voice and Client Satisfaction » Product Innovation Board and Steering Committees » Annual Temenos Community Forum (TCF) and Kick Off Meeting (TKO) » Annual Partners' Meeting » Temenos Learning Community (TLC) » Temenos Exchange » Temenos Ambassador program » Newsletters, marketing updates and social media » Client support portal » Internal and external audits » Temenos Security and Privacy Committee » Business Code of Conduct, data privacy and protection and corporate security policies » Corporate website » ESG indices and ratings	» Client communication » Client satisfaction » Quality, security and responsibility in delivery and implementation » Data privacy and protection	» Achieving Business Excellence » Focus on Client Engagement » Operating Responsibly
Investors – research analysts Frequency: weekly	» Annual General Meeting of Shareholders (AGM) » Annual Capital Markets Day (CMD) » Roadshows, investor and analyst visits, meetings, calls » Financial press releases, videos, webcasts and social media » Annual Report » Corporate website » Business Code of Conduct and linked policies » ESG indices and ratings	» Economic performance » Transparent and ethical corporate governance » Accurate, timely and responsible communication	» Annual Report
Suppliers and partners Frequency: daily	» Procurement policies » Annual Temenos Community Forum (TCF) » Annual Temenos Kick Off Meeting (TKO) » Annual Partners' Meeting » Temenos Learning Community (TLC) » Trainings and seminars » Audits and risk assessments	» Ethical and responsible business conduct » Long-term partnership	» Operating Responsibly » Responsible Procurement
Local Communities and NGOs Frequency: monthly	» Cooperation with NGOs » Community service and employee volunteering » Employee fundraising » Community investment projects » Scholarships » Internships » Social media	» Access to education and jobs » Improve local living conditions » Support in emergency situations	» Investing in Our Communities
Academic community Frequency: daily	» Temenos Sales Academy » Services Incubation Center » Temenos Services Masterclass » Temenos Innovation Labs » Hackathons » Scholarships » Collaboration in research programs » Lectures, presentations, Company visits » Career days » Social media	» Collaboration and job opportunities » Joint Research and Development projects	» Investing in Our People
Media and industry analysts Frequency: daily	» Temenos events » Roadshows, visits, meetings, calls » Press releases, videos, webcasts, blogs and social media » Annual Report » Corporate website	» Accurate, timely and responsible communication	» Annual Report

OUR CSR AND SUSTAINABILITY APPROACH continued

Stakeholder engagement

Engaging with our key stakeholders informs our decision-making, strengthens our relationships and helps us deliver on our commitments and succeed as a business. In order to achieve our goals, we recognize that we need to work in partnership with those stakeholders who share our commitment and support our targets. These engagements may take many forms, in order for us to identify the significant economic, environmental and social impacts on Temenos and better understand the interests and expectations of our stakeholders. We conduct annual surveys with clients, partners and employees to learn more about their experiences working with us, as well as their expectations from us.

Over the past few years, our clients, prospects, investors and suppliers have addressed ESG and sustainability as part of their evaluation of Temenos as an IT partner through questionnaires, supplier and rating agencies' assessments, requesting for documentation of our strategy, reporting and targets.

We believe that regular, open and transparent communication with our stakeholders is the most effective way to assess the impact of our operations and our performance as a corporate citizen. That is why we have integrated ESG considerations into our dialogue with our stakeholders, drawing upon international frameworks such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the GRI and SASB Standards and Dow Jones Sustainability Index.

To achieve our goals, we work with our stakeholders:

- to identify the material global economic, environmental and social impacts on Temenos
- the impact that Temenos has on the world.

This notion of double materiality informs our decision-making, strengthens our relationships with our stakeholders, helps us deliver on our commitments and ultimately succeed as a business.

So, engaging with our stakeholders is helping us:

- define our ESG focus areas
- incorporate them into our corporate strategy
- set targets
- and document the progress in the Temenos Annual Report.

Materiality analysis

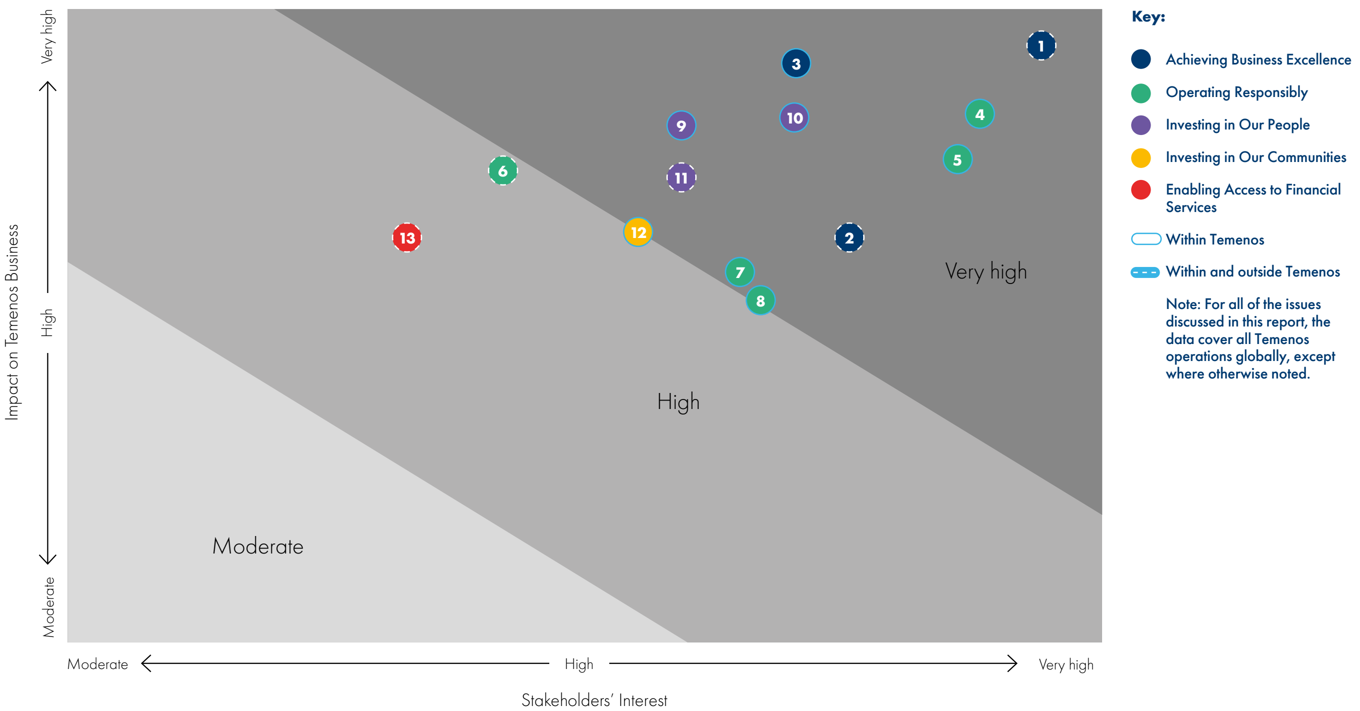
Our materiality analysis is in line with the GRI Standards' requirements and incorporates developments in our business, recent trends, regulatory changes and stakeholder expectations and views of our employees, clients, prospects, investors, suppliers, partners, non-governmental organizations and media. We have aligned the material issues with the financially material sustainability factors proposed by the Sustainability Accounting Standards Board (SASB) for communicating our impacts and activities in a more comparable, consistent and structured manner.

As part of our effort to report on topics that align with our business model and are important to our investors and other stakeholders, we have also disclosed our performance against the SASB Accounting Metrics included in Software and IT Services Sustainability Accounting Standard. We incorporate the feedback we receive from our clients through RFPs and supplier assessments and from our investors through engagement calls and meetings we have throughout the year. We also incorporate the areas against which we are rated and scored in ESG ratings and indices, such as the Dow Jones Sustainability Index, FTSE4Good, MSCI, ISS, EcoVadis, Sustainalytics, Vigeo Eiris, Bloomberg Equality Index, among others.

Understanding and prioritizing the issues that matter to Temenos and our stakeholders enables us to focus on the respective areas, address the right issues and report on them effectively, aligned with the interests and changing needs of our stakeholders and those of the Company. We have defined issues to be material to our business in terms of:

- The importance of the issue to our key stakeholders
- The potential economic, environmental and social impacts
- The degree to which each issue is aligned with our mission, vision and geographic presence.

MATERIALITY ANALYSIS MATRIX



The following main material issues per priority strategic area have been identified:

Achieving Business Excellence
1. Business Performance
2. Technology and Product Innovation
3. Client Engagement

Operating Responsibly

4. Ethical Business Conduct and Governance
5. Information Security, Cybersecurity, Data Privacy and Business Continuity
6. Responsible Procurement
7. Environmental Management and Awareness
8. Climate Change and Carbon Neutrality

Investing in Our People

9. Diversity, Equity and Inclusion
10. Talent and Development
11. Human Rights

Investing in Our Communities

12. Community Investment and Employee Volunteering

Enabling Access to Financial Services

13. Financial Inclusion

ACHIEVING BUSINESS EXCELLENCE

LONG TERM **SUSTAINABLE VALUE**

Economic impact

Economic impact for Temenos means achieving our medium-term growth targets to generate long term sustainable value for all of our stakeholders and contributing to the global economy as well as the local economies where our clients conduct our business.

In 2021, non-IFRS total software licensing has increased by 17% and non-IFRS total revenues by 7%. We have achieved full year EBIT of USD 356.8 million and expanded our non-IFRS EBIT margin by 36.9%. Our proposed 2021 dividend is CHF 1.00, an 11% annual increase. Leverage decreased to 1.8x at year end, down from 2.5x in 2020 and we have generated USD 473 million of operating cash flow in 2021.

Achieving business excellence

The total monetary value of financial assistance received by Temenos from governments during 2021 was as follows:

Europe:

» Romania: Temenos Romania benefits from an income tax exemption for employees in software creation-related roles. The amount of the exemption for 2021 was USD 333,972 (2020: USD 412,930). In addition, there is also a reduction of 20% of the annual corporate tax if this is redirected to charity. The 20% reduction of the annual corporate tax redirected to charity by Romania in 2021 was USD 48,684 (2020: USD 67,970).

Asia

» Singapore: Under Singapore's job support and wage credit scheme, Temenos claimed USD 11,140 in 2021 (2020: USD 720,760)

» Thailand: Temenos received USD 620 from the Social Security office, as part of the relief measure program for employers, due to the Covid-19 situation.

For more information, please refer to the Annual Report: Financial and Operational Highlights sections.

Financial technology and digital finance can advance sustainable development and accelerate the achievement of global environment and social goals

Innovation and technology

In order to keep pace with the rapid rate of change in information technology, Temenos has a long history of investing in its products. This has ensured our position as the leading solution in our sector and, together with the upgradability, means that clients can continue to enjoy the benefits of our industry-leading investment in the future. Temenos has consistently invested over 20% of its revenues in R&D.

The R&D spent inclusive of overhead allocations for 2021 was USD is 277.6 million. This is more than twice the level of investment made by our closest competitors. Furthermore, since we only produce software for banking and finance, all of this investment is targeted at our concentrated product portfolio. For more information, please refer to the Annual Report: Research and Development section.

USD 2.5bn

Cumulative R&D investment 1990-2021

Innovating with purpose

We are committed to contributing to the global efforts to address social and environmental issues. Financial technology and digital finance can advance sustainable development and accelerate the achievement of global environmental and social goals. So, at Temenos, we innovate with purpose and our products have a positive environmental and social impact. In that way, we are contributing to the global effort to achieve the UN SDGs.

Environmental and social impact of product portfolio

Category	USDm	% on total revenue
Cloud/SaaS	123.7	13.00%
FCM	0.3	0.03%
Inclusive Banking	7.1	0.73%
TLC	6.9	0.71%

Economic contribution to various stakeholders	FY 2021 USD 000	FY 2020 USD 000
Revenue	**967,002**	887,358
Employee wages and benefits	**434,911**	389,795
Payment to provider of funds	**421,953**	515,247
Payment to government	**24,745**	40,946
Community investment (monetary donations only)	**417**	270

For more information on our financial performance, please visit the respective section.

ACHIEVING BUSINESS EXCELLENCE continued

CASE STUDY:

Making banking greener

Banks have accelerated cloud implementation throughout the pandemic to help lower costs and transform customer experiences.

While the pandemic required proactive solutions to immediate challenges, another continuing and pressing challenge is the race to net-zero. Banks have realized that the cloud can provide part of the answer.

The role of the cloud in net-zero commitments

At Temenos, we recognize how central ESG has become to banks' strategies. Our cloud-native SaaS offering, the Temenos Banking Cloud, incorporates ESG as a service to help banks gain carbon insights from using our products and to track their progress towards reaching their sustainability targets.

It also runs on public cloud infrastructure, and the hyperscalers we partner with have all made strong commitments to sustainability goals and using 100% renewable energy. All these energy efficiencies are passed onto our clients.

An example is Flowe, a cloud-enabled digital bank built on green principles and powered by the Temenos. Within the first six months of launching in 2020 it onboarded 600,000 customers and is growing at twice the rate of its nearest competitor. Supported by Temenos Banking Cloud, Flowe can grow sustainably, passing on benefits to customers for a cleaner, greener planet and a better society. Flowe is the first bank in Italy to be certified as a B-Corp and is also carbon-neutral.

Managing climate-related risks and opportunities towards a low carbon economy is a global challenge requiring an immediate response. More than ever, the banking technology sector has a critical role in driving change in the banking industry and leading by example. So, in addition to incorporating climate change as a risk into our operations, we are equally committed to helping our clients transform into smart, sustainable organizations.

And this is the ultimate point. Innovation and addressing environmental challenges go hand in hand. More than that, digitization is reliant on sustainability and vice-versa.

To read more on how the Temenos Banking Cloud is a true climate-related opportunity, please refer to:

- Making Banking Greener – TechforGood
- Why Banks Need the Cloud in the Race to Net-Zero – Finextra and
- PREDICT 2022 with Temenos: ESG forecast for the year ahead – Finextra.

CASE STUDY:

How do you develop for sustainability and inclusivity?

How can you innovate with purpose and build solutions that address global social and environmental issues?

The SCALE2021 online developer conference enabled attendance without cost, time or environmental constraints, bringing together thousands of developers from more than a hundred countries across the globe, to ultimately learn how to achieve even more with our software and drive accelerated innovation across the financial industry.

Furthermore, we opened up the SCALE event to include an even broader set of content, curated from thought leaders across our ecosystem of partners and beyond, to help developers understand the latest trends in technology, banking as well as global challenges that will impact their day-to-day roles. The content was delivered across six streams, including a stream focusing on Developing for Sustainability and Inclusivity, with directions such as Inclusive banking, carbon footprint tracking and digital accessibility:

- **Inclusive Banking:** Our own experts presented how our inclusive banking solution helps ensure that we can provide banking for everybody; by incorporating our 20+ years of experience in the field of inclusive banking, we are able to deliver banking solutions which address the specific banking needs in emerging countries and economies, and ultimately help ensure that everybody has the right to be bankable.
- **Carbon Footprint tracking:** Temenos Exchange Partner Bud demonstrated how their open banking and categorization capability enables carbon footprint tracking which can be leveraged to deliver highly relevant features within banking apps and services to help banks' customers make informed choices and take actions to minimize their own carbon impact.
- **Digital Accessibility:** We work with the Digital Accessibility Center (DAC) to drive accessibility standards across our banking software. In this session, DAC shared their insights, using real-world examples to demonstrate the practices that developers can apply to ensure that we create a digital banking experience that is accessible to everyone, meeting best practice accessibility standards and legislation. In addition, our digital banking team demonstrated how our Quantum platform builds on accessibility principles to deliver a digital experience which is accessible for all.

The Developing for Sustainability and Inclusivity stream had high attendance, reflecting the importance that developers place on ESG-related issues and the role that they can play in helping address global environmental and social challenges in their day-to-day work.

Together with Grow-Trees.com, participants opted in to have a tree in India planted, helping tackle climate change, improve biodiversity and provide employment for local people in India. This initiative is part of a corporate-wide carbon removal project. Temenos, together with Grow-Trees, launched this project in 2021 to exclusively plant trees in the two areas in India, where two of our offices are located: Trees for Biodiversity, Theni-Dindigul, Tamil Nadu, India – 25,000 Trees and Trees for Villagers, Khamam, Telangana, India – 10,000 Trees. 21,263 trees were planted on behalf of SCALE participants. These trees were adopted by Temenos and eTreeCertificates for each tree planted were sent to them, to be able to monitor the progress of the adopted tree.

Focus on client engagement

Client Voice

Placing the client first has been central to our corporate principles since the inception of the Company more than 28 years ago. Providing the continuity and support for our clients' financial transformations requires a deeper perspective. The Client Voice program was implemented at Temenos over a decade ago and since then we have been committed to repeating this successful program on an annual basis. With the support of our Chief Executive Officer Max Chuard, the program canvasses the client base of our entire portfolio of solution offerings globally. Essential to the future of Temenos, this approach empowers us to receive critical client data in real time. Not only will the program track each client's perception of their experience working with Temenos, but it will also provide opportunities for us to improve our processes. Key to the success of the Client Voice we receive tremendous backing from our leadership team on a regional and global basis. Combined with our new programs to improve the overall experience, we are now receiving insight from multiple teams within Temenos, including partners, Marketing, Go-to-Market, Sales, Delivery and Support, all of whom collaborate on this initiative to add more value to our clients.

Our survey was first launched over ten years ago with the emphasis on obtaining valuable feedback from customers. The key performance indicator of the program has typically been based on the "Net Promoter Score". NPS categorizes on a scale from one to ten the likelihood of the participants to recommend Temenos. The formula for the NPS metric consists of the percentage of detractors subtracted from the percentage of promoters (i.e. clients who would recommend Temenos). This process focuses Temenos to provide the optimal path required to deliver exceptional experiences for our clients, resulting in moving any impression of Temenos from a negative or neutral (passive) perception to a positive one. We have made recent investments to arm the customer success teams with a single integrated view of these metrics. The enhancements will improve our ability to have a deeper insight into our clients' requirements and take positive action based on valuable client data, through tracking and analyzing the Net Promoter Score and other KPIs, including the customer lifetime value (CLTV). Combined with customer satisfaction scores, this new system will provide a comprehensive view of the customer. To improve relationships with clients, Temenos will continue this new and exciting initiative across our entire portfolio of products and services.

The Net Promoter Score for 2021 compared to 2020 went down significantly. This is seen as a one-time effect driven by the pandemic situation and is in line with trends we see across our industry and throughout global market reports. We continue to monitor the Net Promoter Score very closely and are focused on making any improvements necessary in the way we support and service our customers, bringing them true value.

Temenos Ambassador Program

We are committed to putting our clients at the core of our business while generating long-term value for them. The goal of this program is to promote technology and innovation, to showcase the value and positive impact of Temenos technology to our clients, and ultimately celebrate our clients' success. Temenos welcomes clients who want to join the Temenos Ambassador Program. It enables them to present their success stories, share their experiences and the benefits of using Temenos technology, as well as to enjoy networking opportunities and gather valuable insights from peers. The program includes a reward scheme and provides opportunities to Temenos Ambassadors to gain visibility and recognition from peers, industry analysts and the media. Networking with peers is a key attribute of this program, through which customers can discuss strategic rationale, hear real insights, and share experiences. 77% of our Ambassadors are C-level or department heads, from financial institutions of all sizes and sectors, all over the world.

1,077

Active client references

1,425

Active client ambassadors In 2020-2021

Client Satisfaction

Expanding our mission to deepen key business relationships, the Client Satisfaction program was initiated to ensure Temenos' core focus continues to be client first. Sponsored by the Temenos Chief Cloud Officer, the program continues to be an insightful way to hasten innovation and client success. Our inclusive selection process ensures that each department at Temenos is properly represented in the program. These individual leaders are charged with establishing the metrics and accountability necessary to improve the client satisfaction scores. Combined with the data collected from the Temenos Client Voice program, the representatives are also responsible for making sure that the actions are completed, and the target improvements are realized. Executive sponsors at Temenos continually track these KPIs on a monthly basis to ensure completion. Thus far we have completed over a dozen survey waves, collecting over 10,007 responses across all our accounts. We are analyzing the data and comparing to prior years incentivizing our clients to participate in the survey once a year but plan to diversify this effort in 2022.

Customer success and support

Successful adoption of the Temenos portfolio of solutions has been the most effective way to increase value for and retain our clients. Onboarding and empowering them with options to explore new lines of revenue has been greatly successful in 2021. With mega trends in BaaS, BNPL and embedded finance, we will continue to take the clients to new heights. Our subscription-based license models will expand our flexibility and provide a more effective approach to enable new outcomes for our clients. We have invested heavily in hiring additional customer support experts and customer success managers across the globe to ensure our customers maximize the benefit they gain from our solutions and engagements with us. Additionally, we are introducing a differentiated customer support program that is specifically tailored to our customers' requirements. Delighting the customers with exceptional experience is our objective to ensure they gain maximum value from our entire portfolio. A repeatable approach to customer success, combined with our sales, support and services teams, enables us to increase engagement and satisfaction with our customers. Passion in our pursuit to expedite our clients' success is a key driver of our business. At Temenos we are permanently investing in people, solutions, and processes to ensure we continue to support our clients and their customers.

Objectives	Success criteria
To build a world-class support and customer success organization that is passionate about customer success, delivering exceptional experiences, and empowering clients to achieve their goals.	» KPIs – We are working with HR to generate compensation plans. They are based on (NPS = 30%, CSAT = 20%, Portfolio Growth = 40% and Individual Growth = 10%) » Customer Survey Scores increase (i.e. NPS score) » Number of PACS tickets reduced by 50%.

Priority area	Objective	Indicator	2019 progress	2020 progress	2021 target	2021 progress	2025 target
Achieving Business Excellence	Client Engagement	Client Voice: number of participants from our clients compared to 2016 baseline (4,000)	7,000	8,800	10,150	10,007	**12,000**
	Client Engagement	Improve Client Satisfaction: percentage points in the Net Promoter Score, since the metric was launched	+50pp	+50pp	+55pp	+26pp	**+55pp**

ACHIEVING BUSINESS EXCELLENCE continued

International Standards and Certifications

Temenos adopts processes and methodologies that are certified by accredited bodies and adhere to international standards, in order to deliver its services to all clients in a consistent, standardized way.

The certification and external attestation program is subject to annual scope review to ensure it stays relevant, meets stakeholders' expectation and reinforces Temenos' commitment towards delivering high quality service.

	2021 goals	Progress against 2021 goals	2022 goals	2025 goals
ISO/IEC 27001:2013 Information Security Management System with extensions: **ISO 27017** Cloud Information Security **ISO 27018** Protection of Personally Identifiable Information (PII) in Public Clouds	Sustain the existing certification and include new locations in the scope based on business needs. Compliance with ISO27001, ISO27017 and ISO27018 standards has been maintained throughout 2021 audit period. Avoka Australia (Manly) and US (Broomfield) sites have successfully passed the ISO27017 and ISO27018 audit and are now certified.	Maintained certification. Avoka Australia (Manly) and US (Broomfield) sites certified as per ISO27017 and ISO27018.	To include Orlando, Philadelphia, Miami, Mexico and Quito into the scope of certification. To obtain ISO27017 and ISO27018 certification for LATAM cloud delivery center.	To continue to integrate newly acquired companies and certify new locations on ISO 27001, ISO 27017 and ISO 27018 standards. ISO 27001 scope will be expanded to include new locations/acquisitions based on the business needs and directives from the Management.
ISO 22301:2019 Business Continuity Management	Gap Analysis to be performed against ISO 22301:2019 and BCMS will be adapted for ISO 22301:2019 certification upgrade. Additional locations will be added to the certification scope.	Certification successfully upgraded to 2019 standard. Surveillance audits for existing and new cloud sites were successfully completed.	To extend the certification to include operations and support (PACS) of Temenos products and services, both cloud and on premise customers. To renew certification in October 2022.	To extend the certification to include additional business units and sites, such as Product Development.
ISO 9001:2015 Quality Management	Kony (Hyderabad) to be included in the scope of certification in 2021.	Maintained certification. Hyderabad location was not included in the ISO 9001 scope in 2021 due to other business priorities.	To include Hyderabad location into the scope.	To extend ISO 9001 and CMMI certifications to new locations and remove locations from scope, as deemed appropriate for product reasons. Hyderabad location be included in the scope of ISO 9001 based on the updated processes in the new Organization structure.
ISO 20121:2012 Sustainable Event Management and combined **ISO 14064-1:2019 and PAS2060:2014** Verification	To extend the certification to the corporate events planned for 2021.	No physical events in 2021 due to Covid-19 restrictions.		To organize four sustainable and carbon neutral events. To revisit plan depending due to Covid-19.
ISO 14001:2015 Environmental Management	To extend the certification to the UK Fenchurch office in London.	Temenos UK Fenchurch office certified in November 2021.	To extend the certification to the Hyderabad offices in India.	To obtain certification for a total of eight Temenos offices based on headcount.

International Standards and Certifications continued

	2021 goals	Progress against 2021 goals	2022 goals	2025 goals
AICPA SOC Service Provider Security » SOC 1 Type 2 » SOC 2 Type 2	To continue the global SOC 2 Type 2, SOC 1 Type 2 reporting. Incorporate as necessary new delivery centers and, new acquisitions.	Temenos SOC2 Type 2 attestation report provides now control effectiveness assurance on all AICPA/SSAE18 mandated trust service criteria. Temenos new cloud delivery centers in LATAM have been included in the SOC reporting. Temenos extended AICPA/SSAE 18 suite by issuing a SOC3 public report.	To maintain on going SOC1, SOC2 SOC3 attestation reports for all Temenos cloud delivery centers. To continue inclusion of CSA-CCM compliance attestation into SOC2 report.	To include "Privacy" trust service criteria under SOC 2 audit coverage. To continue the global SOC 2 Type 2, SOC 1 Type 2 reporting. To integrate and align newly acquired companies to Temenos standard set of Security and Privacy controls.
CSA STAR Certificate/ Cloud Security Alliance – Cloud Controls Matrix	To obtain CSA-STAR Certificate Level 2 and Level 3.	CSA-STAR certificate Level 2 in progress to ensure alignment with newly release CSA-CCM v.4.	To complete Level 2 by end 2022.	To obtain CSA-Star Certificate, Level 3 for Temenos and newly acquired companies.
PCI DSS level 1 Payment Card Industry – Data Security Standard	To complete the readiness assessment against PCI –Secure Software Lifecycle and PCI – Secure Software standards. Prepare for certification.	Maintained current PCI-DSS certificates. PCI-DSS certificate for Temenos Cloud Americas in progress.	To obtain PCI-DSS certificate of compliance for Temenos Cloud Americas.	To further extend PCI-DSS certificate. To complete the readiness assessment against PCI –Secure Software Lifecycle and PCI – Secure Software standards. Prepare to attain industry certification.
ISO 20000-1:2018 IT Service Management certification	To include cloud operations and support functions in Temenos India, Romania, Australia, North and South America Offices.	Certified for ISO 20000 for Cloud Command Center in India locations (Chennai KG, Chennai SR, Bangalore, Hyderabad Divyasree) and NA regional locations – Broomfield, Malvern, Costa Rica, Ecuador and Mexico.	To expand certification to EMEA regional teams in April 2022 and to APAC regional teams in November 2022.	To sustain and expand the scope based on business needs. Scope to be expanded to EMEA and APAC regional locations based on the business need and directives from the Management.

* For 2018-2020 progress, please visit our 2020 Report.

OPERATING RESPONSIBLY

ETHICAL BUSINESS CONDUCT AND GOVERNANCE

HIGHLIGHTS

97.5%

Of our employees have completed the Temenos Business Code of Conduct training

84%

Of our focus suppliers underwent sustainability assessments

63.2%

ISO 14001:2015 certification coverage

For 28 years we have been proud of our reputation for professionalism and the strong relationships we have built up with our clients. We believe that sound and ethical business conduct and governance is critical to earning and maintaining the trust of our clients, investors, partners and suppliers. Integrity, honesty and transparency are at the heart of what we do. Our commitments to ethical business practices and strong corporate governance structures are designed to promote the long term interests of our shareholders, maintain internal checks and balances, promote accountability at all levels of our organization and foster responsible decision-making.

As a global company, we have been operating at an exceptionally high standard of integrity in complying with the laws and regulations of the countries in which we operate – in some cases higher standards than required by national laws or regulations. We understand the responsibility that comes with that role and are committed to working with all our stakeholders to build long term business relationships and create sustainable value for them.

Corporate governance

Corporate Governance at Temenos promotes the long term interests of all of our stakeholders and fosters a culture of transparency, business integrity, responsible decision-making and accountability, maintains internal checks and controls and helps build public trust in the Company, by balancing the interests of all its stakeholders. More information on Corporate Governance can be found in the Annual Report: Governance section and on the corporate website www.temenos.com.

Ethical business conduct and governance

ESG, Sustainability and Ethics governance

To ensure the effective implementation of our CSR and sustainability strategy, Temenos has a Chief ESG Officer, reporting to the CEO, responsible for managing the Group strategy, interacting with stakeholders and driving the CSR and sustainability policies, programs and reporting. The members of the Board of Directors through the Nomination and ESG Committee have the Board oversight for the Company's ESG, Sustainability and Ethics Framework.

Temenos ESG and sustainability strategy is designed and led by the CSR/ESG and Ethics Committee at the senior management level, which reports to the Board of Directors through the Nomination and ESG Committee. The Committee represents different Temenos functions and departments, ensuring all the voices of internal and external stakeholders are taken into account. In 2021, the Committee membership expanded to include Sales Strategy. The Committee membership is as follows:

- Chief Executive Officer (Chairman of the Committee)
- Chief Legal Officer (Deputy Chairperson)
- Chief ESG Officer (Secretary)
- Chief People Officer
- Chief Information and Security Officer
- Group Finance Director
- Chief Marketing Officer
- Chief Internal Audit Officer
- Chief Strategy Officer.

The Committee meets quarterly; quorum is required for actions to be taken. Written minutes are kept and maintained by the Committee Secretary for all formal meetings of the Committee and are communicated to the external statutory auditor. In 2021, the Committee held five meetings.

Business Code of Conduct

The Temenos Business Code of Conduct with the linked corporate policies is the foundation of our commitment to ethical business practices and legal compliance. The Code defines the standards for business conduct everywhere we operate and provides guidance in addressing the business, legal and ethical issues encountered while performing daily work or making decisions on behalf of Temenos. We operate in accordance with our Code, including where local legislation is less strict, or there is absence of legal and/or regulatory frameworks. Our Code and policies are aligned with the ten principles of the UN Global Compact on the four issue areas of Human Rights, Labor, Environment and Anti-Corruption and the OECD Guidelines for Multinational Enterprises. The members of the Board of Directors and the Executive Committee have endorsed the Code.

Our Code is available in English and French on our intranet and our corporate website. It applies equally to full-time, part-time, temporary employees and contractors globally. It is a key part of the employment contract and contractor agreement. All employees are required to read and acknowledge the Code and linked policies within the first three months of their employment. They are also required to complete the mandatory trainings upon joining and to repeat every 12 months. The CSR and Ethics Committee is charged with monitoring the compliance with the Code and Ethics Framework.

The compliance requirements of the Code are also part of our Partners and Suppliers Program. Specific compliance provisions are included in the Services Partner agreement and all new suppliers are required to comply with the Code as well as the Temenos Supplier Code of Conduct. In addition, the roll out of the Suppliers Program includes existing suppliers, as they incrementally need to comply with the Code and related policies and to verify compliance by providing respective information when requested.

Corporate Policies

The backbone of our Code are the corporate policies linked to it that provide detailed guidance on how to exercise good judgment when working and making decisions for Temenos. Temenos is a global company and our business is subject to the laws of many different countries. In order to conduct our business on a daily basis, we interact with a variety of stakeholders. We are committed to interacting with all of these stakeholders in a respectful, ethical manner and in compliance with all the local and international laws of the countries we operate in. The policies are reviewed annually and reflect our continued commitment to ethical business practices and legal compliance.

In addition to acknowledging the Code when joining the Company, Temenos employees are required to complete training on the Code and the areas of Anti-Corruption and Bribery, Data Protection and Security Awareness. Two additional trainings were introduced: Environmental Awareness and Business Continuity to address ISO 14001 and ISO 22301 requirements. They are mandatory for the specific ISO certified locations, but are not included in the Business Code of Conduct mandatory trainings' percentage.

Global Temenos 2021 training completion percentage	%
Business Code of Conduct Acknowledgment	91.9
Information Systems Security Acknowledgment	91.8
Business Code of Conduct training	97.5
Anti-Corruption and Bribery training	97.1
Data Protection training	91.3
Security Awareness training	97.4
Environmental Awareness	94.4
Business Continuity	87.1

Compliance Program

In 2021, the Temenos Compliance Framework is based on the principles of assessment, prevention, detection and correction, ensuring that Temenos continues to:

» Operate responsibly in accordance with applicable laws and regulations
» Maintain a culture of honesty, integrity, responsibility and compliance
» Meet high ethical and professional standards
» Prevent fraud and abuse and other compliance issues
» Detect compliance issues at earlier stages, and prompt corrective actions
» Build employee trust and confidence.

The Temenos Compliance Framework has been designed to operate in the form of a "Compliance Ecosystem" and includes:

1. Anti-Trust and Anti-Competitive Practices
2. Anti-Corruption and Bribery
3. Due Diligence and On Boarding
4. Export Controls and Sanctions
5. Anti-Money Laundering
6. Conflict of Interest and Related Party Transactions.

Quick links

Anti-corruption and Bribery policy

Anti-Trust and Anti-Competitive practices

Temenos values customer and market trust and strongly believes that it is fundamental to ensure Temenos safeguards its reputation. Complying with Anti-Trust laws throughout the world is part of our commitment to operating in an effective, fair and free market economy. This commitment includes contracts with clients and any third party, ensuring Temenos competes independently from other market players and does not seek to control the commercial policy and practices of its re-sellers or distributors in any illegal or inappropriate manner. The most significant amount of our revenues derives from direct dealings with our clients ensuring Temenos is in a strong position for enforcing its sales and contracting processes. Specific provisions on Temenos Anti-Trust Policy have been included in the Code in 2021.

Anti-Corruption and Bribery

For Temenos, anti-corruption is not only a legal obligation but also a matter of ethical business standards. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships – wherever it operates – and to implementing and enforcing effective systems to counter bribery. Temenos upholds all laws relevant to countering bribery and corruption in all the jurisdictions in which it operates, including but by no means limited to the US Foreign Corrupt Practices Act and the Bribery Act (UK) 2010, always following and complying with the strictest legal and regulatory framework. Temenos' zero tolerance on corruption and ethical standards are set out in our Code and the linked Anti-Corruption and Bribery policy, which apply to all Temenos employees and Group entities. In 2021, the Temenos Anti-Corruption and Bribery Framework has been fully integrated into the Company's Compliance Framework, and all relevant Anti-Corruption and Bribery actions and duties have been assigned to the Group Compliance Officer.

As a testament to our commitment to ethical business practices, in 2021, Temenos has not incurred any fines or settlements, nor was it involved in any investigations related to Anti-Competitive business practices, bribery or corruption.

The Temenos Anti-Corruption and Bribery policy is available on our intranet and our corporate website. It states that Temenos shall actively attempt to ensure that corruption does not occur in Temenos' business activities through an adequate and risk-based Anti-Corruption program. Anti-Corruption and Bribery training is part of the annual mandatory training that all employees should take when joining Temenos and to repeat annually during their employment with Temenos. By 31 December 2021, 97.1% of our employees (including Executive Chairman, Executive Committee and Leadership team members) completed the training. 331 employees of the total headcount were exempt from this requirement due to long-term leave reasons (sickness, maternity, etc.).

The Anti-Corruption and Bribery policy and the Anti-Corruption program include several elements such as proportionate procedures, top-level commitment, risk assessment, integrity due diligence, communication, training, monitoring, review, enforcement and sanctions, with the aim of continuous improvement and alignment with prevailing international standards. The Board of Directors has the highest level of executive oversight for the Company's Anti-Corruption program. As part of our ongoing commitment to anti-corruption, we have expanded our commitments in this area beyond Temenos, to include our suppliers, partners and other third parties that have a direct contractual relationship with Temenos. Integrity is a vital part of our business. We also have Anti-Corruption and Bribery provisions in our partner and contractor agreements as well as in our procurement process with suppliers.

ANTI-CORRUPTION AND BRIBERY TRAINING DASHBOARD

By function	No.	Employees trained %
General administration	613	98.4%
R&D	3,766	96.2%
Sales and marketing	658	97.1%
Services	1,739	98.4%
Cloud	279	98.2%
Grand total	**7,055**	**97.1%**

By region	No.	Employees trained %
APA	397	100.0%
Europe	1,180	99.2%
India	4,670	96.1%
MEA	205	99.5%
NAM	409	97.4%
LATAM	194	100%
Grand total	**7,055**	**97.1%**

* The tables above cover the entire 2021.

Priority area	Objective	Indicator	2021 *	2025 target
Operating Responsibly	Ethical Business Conduct and Governance	Maintain a stable percentage of completion of Ethical Business Code of Conduct and mandatory trainings compliance	97.5%	>97%

* Business Code of Conduct training.

OPERATING RESPONSIBLY continued

We continue to develop our Partners and Suppliers Program, further elaborating on the mandatory requirements for screening and ongoing due diligence for partners and suppliers and enhancing our internally developed and dedicated risk assessment tool for our suppliers to identify the level of risk associated with bribery and corruption, ensuring that we only engage with those that are legitimate businesses with a reputation for integrity.

The Code addresses our policies on charitable donations and the giving and receiving of gifts and corporate hospitality. To ensure charitable contributions, donations and sponsorships and prizes made on behalf of Temenos are not used to circumvent Anti-Corruption and Bribery policies and can be documented, we set up an internal global system designed to centralize the declaration and/or approval process for gifts, entertainment and contributions to better shield the Company from practices that could be perceived as unethical and contrary to our Anti-Corruption and Bribery practices. A Conflict-of-Interest declaration is mandatory for every Donations' Request through the online system. All charitable contributions, donations and sponsorships require the prior review and written approval of the CSR and Ethics Committee. As per the Anti-Corruption and Bribery policy as well as the Charitable Donations and Non-Commercial Sponsorships' policy, Temenos does not make any contributions to political parties nor does it engage in any lobbying activities.

Temenos monitors compliance with the policy regularly through routine and ad hoc checks and audits across the organization. The Anti-Corruption and Bribery policy and the effectiveness of the Anti-Corruption program are assessed and revised on a regular basis.

Due Diligence and Risk Assessment

The Temenos Due Diligence Framework is currently implemented on Sub-licensing and Introducer deals, following a risk-based approach. As part of our commitment to further enhance our compliance framework, all the assessments carried out in the previous year as part of the due diligence process are examined and -based on the analysis and results- the model's assessment and key risk factors are fine tuned in order to further strengthen its predictability and risk assessment evaluation methodology. More particularly:

Due Diligence on Sub-licensing deals

In 2021, the due diligence assessment model for sub-licensing deals became operational in all regions, covering all the respective deals.

A risk-based approach is followed in order to calculate the potential risk for the agreement as a whole and analyze the risk for all parties involved (sub-licensor and end client). The below key risk factors are used:

- Contract Values (Temenos to sub-licensee and sub-licensee to end-client)
- Perceived corruption at country level based on Transparency International Index
- Corruption Allegations (associated for both parties) (Adverse Media Checks)
- Level of AML regulations at country level
- Level of association with the local government/ government authorities
- Financial Analysis
- Adequacy of requested information/ documentation provided
- Sanctions checks
- Involvement of Political Exposed Persons (PEPs).

Specific weight is assigned to each risk factor, depending on our risk appetite (which is evaluated on an annual basis). Based on the respective scoring, the due diligence analysis categorizes each party and the respective deal in one of the following assessment categories:

Assessment category
Green-Standard Due Diligence
Yellow-Standard Due Diligence
Orange-Examine the Possibility for Enhanced External Due Diligence
Red-Enhanced External Due Diligence

In case that the assessment results in the need for enhanced due diligence, advice will be requested from external advisors specialized in the respective investigations and analysis.

Due Diligence on Introducer deals

1. Quantitative factors

The risk assessment is based on:

- Location Risk: The perceived corruption level set up by Transparency International is taken into consideration, both for the Introducer and the prospect client
- Payment Risk: Both the proportionality of Introducer payment as % of deal value, as well as the payment to the Introducer as an absolute amount is taken into consideration
- Transaction Risk: The location (country) of the bank account in which the Introducer will receive payment is scored against the location (country) of the Introducer.

Specific weighting is assigned to the following (based on the risk appetite set at management level):

- Location Risk-Perceived corruption at location of prospect client
- Location Risk-Perceived corruption at location of Introducer
- Payment Risk
- Transaction risk (Location of Payment-Perceived corruption).

2. Qualitative factors

- Relationship of the Introducer with government/ governmental authorities
- Adequacy of information provided.

3. Sanction checking

- Both the Introducer and the prospect client are cross-checked against sanctions lists provided by Dow Jones.

Temenos monitors compliance with the policy regularly through routine and ad hoc checks and audits across the organization. The Anti-Corruption and Bribery policy and the effectiveness of the Anti-Corruption program are assessed and revised on a regular basis.

Export Controls and Sanctions

Temenos complies with all applicable export control laws and sanctions worldwide and meets obligations under sanctions regimes of the jurisdictions in which it does business. To support the Compliance Program, and in order to meet the challenges and complexities of the regulatory requirements when operating in a global scale, Temenos will seek, when required, the advice of external legal counsel with expertise in the relevant fields. Temenos will forego business, which would breach Sanctions regimes directly applicable to it.

All Temenos employees, contractors, distributors and partners are expected and required to comply with the Export Controls and Sanctions policy, which is also part of the Code. Failure to observe sanctions and export controls may cause operational delays, expose the Company to regulatory investigations, severely damage our reputation, and create substantial legal exposure for Temenos companies including criminal and civil fines, and for individuals, fines and imprisonment.

The Temenos Financial Crime Mitigation (FCM) solution is an integrated part of the Sanctions and Export Controls Compliance Program and covers all the relevant business needs and compliance requirements. The respective implementation enables us to examine the country where the software will be exported as well as the underlying entity. In that way, we assess if additional export control requirements and authorizations as per the BIS Commerce Country Chart, and the Denied Persons, Entity and Military End User Lists need to be considered. Furthermore, Temenos continues to assess sanctions risk via FCM as follows:

» **Primary targets:** Opportunities (prospects) including distribution channels such as re-sellers and sub-licensors, licensing and services, existing clients
» **Secondary targets:** suppliers, partners, introducers, sub-contractors, marketplace/complementary solutions provider accounts
» **Auxiliary targets:** TLC subscribers.

The capability to analyze within 24 hours all business opportunities at an early stage of development for sanctions risks has been maintained, as well as the functionality for a continuous analysis through their evolution as a business opportunity and thereafter as a client.

Updated sanctions lists provided by Dow Jones are uploaded to the FCM Solution, and all business opportunities, clients, partners, Introducers, Sub-Contractors and Marketplace Accounts are checked daily.

Anti-Money Laundering

At the present time, due to the nature of our business activities which are business-to-business dealings with regulated entities (primarily banking and financial services institutions), Temenos assesses it has limited exposure to money laundering risk. To this end, Temenos is following a risk-based counterparty due diligence approach, in terms of assessments and controls in order to mitigate any money laundering risk. It is based on the "Know Your Client" approach and it is formalized into two distinct phases: a) pre-onboarding assessment and b) ongoing and systematic monitoring of high-risk counterparties.

The risk assessment is based on the location of the counterparty. The matrix below illustrates the risk assessment criteria and potential risk levels.

Following the risk assessment, the AML Risk level can be:

» Low
» Medium
» High
» Very High.

Depending on the risk factors, the Type of Assessment can be:

a) Normal Assessment: The following checks are performed:

  » Sanction check on the counterparty, its Board of Directors and its shareholders
  » Adverse media check on the counterparty, its Board of Directors and its shareholders
  » Presence of any PEPs at the counterparty's BoD and C-Level Management.

b) Enhanced Assessment: All the action points of the Normal Assessment, plus:

  » Type of relationship with the Government
  » Credit checks
  » Identification of the Ultimate Beneficiary Owner.

All assessments are carried out via a dedicated workflow in FCM.

Conflict of Interest and Related Party Transactions

Conflicts of Interest in both the public and private sector have become a major matter of public concern worldwide. As a global market leading software provider, Temenos might be faced with actual, potential or perceived conflicts of interest. Temenos is sensitive to the ways in which an employee's private financial affairs could create potential conflicts of interest. Also, transactions executed by related parties (legal entities and natural persons) must be reported if such transactions are carried out under the significant influence of a Temenos senior manager. Ensuring that the integrity of the Company's decision-making is not compromised by employees' private interests, Temenos has in place business-specific policies and procedures that address the identification and management of actual, potential or perceived conflicts of interest that may arise in the course of business as well as the reporting of any related party transactions.

The Conflict of Interest policy is linked to the Code and describes in detail the disclosure mechanism for all Temenos employees, members of the senior management and the Board of Directors as well as the appeal process to the CSR and Ethics Committee who is charged with monitoring the compliance with the Code and its linked policies.

We have an internal online global system designed to centralize the declaration of Conflict of Interest and Related Party Transactions as well as the approvals of Outside Directorships Requests made by Temenos employees or members of the Board of Directors serving as a Director or an officer for an outside organization, which might also result in a conflict of interest. The Group Compliance Officer prepares and submits on an annual basis a consolidated Conflict of Interests incidents report to the Audit Committee.

Shaping up the future – Temenos Integrity Framework

The Temenos Integrity Program is based on the below four pillars (as set by the World Economic Forum), targeting a 2023 completion time frame:

» Commitment to ethics and integrity beyond Compliance
» Building, maintaining and enhancing the culture of integrity
» Leverage technology
» Effectively implement Collective Action initiatives.

Building a Risk Posture (Risk Appetite and Risk Tolerance)

Risk appetite focuses on the level of risk that an organization deems acceptable. Risk tolerance focuses on the acceptable level of variation around risk objectives. Together they set the Company's Risk Posture.

Awareness of residual risk and operating within a risk tolerance will provide to Temenos greater assurance that the Company remains within its risk appetite as part of the risk management process. This reassurance, in turn, provides a higher degree of comfort that the Company will achieve its strategic objectives. It also helps to ensure that actual risk exposure is being managed.

2022-2024 Targets

» Enhance the compliance culture and awareness
» Further automate our Sanctions and Export Controls Program and integrate FCM with Salesforce for real-time update and review of alerts
» Implement Temenos Integrity Framework
» Build a Single-Reporting Platform for all Compliance-related Incidents
» Build Temenos Risk Posture Framework.

Country	Counter-party	Type of assessment	Initial risk level	Final risk level (after DD)
FATF list of countries		Enhanced	Very High	High or Very High
Highly corrupted country (CPI<=30)	New client	Normal	High	Medium, High or Very High
	Does not hold a banking license (including sub-licensors and re-sellers)	Enhanced	Very High	Medium, High or Very High
For all other cases, the risk is set to Low				

OPERATING RESPONSIBLY continued

Ethical business conduct monitoring and reporting

Our responsibility is to train our employees on ethical business conduct, provide them with communication channels, build controls to prevent and detect unethical and non-compliant conduct and perform regular internal audits. When we identify or learn of concerns or improper conduct, we investigate them fully and take appropriate action to remediate any issues identified.

Temenos offers employees, partners and suppliers ways to report compliance concerns. If instances of possible non-compliance with the Business Code of Conduct are detected, an internal grievance mechanism is in place to record verbally, in print or electronically, any related concerns through:

» The Line Manager
» Group Human Resources Department
» Group Legal Department
» Group Internal Audit.

In addition, there is an independent anonymous reporting mechanism in place, the details of which are set out in the Anonymous Reporting policy and guidelines, which is linked to the Temenos Business Code of Conduct as well as the Temenos Supplier Code of Conduct. It is available on our intranet and our corporate website. Anonymous reporting means raising a concern about suspected wrongdoing involving Temenos people, contractors, partners, and suppliers. Temenos is committed to promoting and maintaining highest ethical standards in all our work, and ensuring that where concerns are raised, they are investigated and resolved, preserving the anonymity and confidentiality of anyone raising a concern. In addition, an appeal process to the CSR and Ethics Committee is in place, whose decision is final and binding. All disclosures are reported to the Audit Committee. All filed cases have been successfully resolved in 2021.

Risk management and internal controls

Temenos' policy is to have adequate controls in all areas of its operation to ensure compliance with applicable laws, regulations, policies and client agreements, preparation of reliable financial and management reports, safeguarding of Company assets (both physical and intangible) and efficient and effective use of resources.

Our risk management policy is aligned with ISO 31000: Risk management – Guidelines. It defines the methodology, roles and responsibilities, reporting and monitoring for key risks. Temenos' operational management is responsible for managing day-to-day risks and ensuring that controls are operating effectively, through a dual structure: a corporate risk team that identifies general strategy risks and establishes centralized policy, and specialized functional teams that design and monitor policies and controls in consultation with local business teams. We have embedded risk experts within Temenos to monitor and influence the Company's risk profile, working side by side with the line managers. Periodical risk assessments are performed within business units and summarized results reported to management along with mitigation plans where appropriate. The Audit Committee has the responsibility for monitoring and auditing risk management performance by overseeing the program and reviewing key risks of the Group.

In addition, there is also a robust internal control and risk management system in place for financial reporting and key operational and fraud risks that goes beyond statutory requirements. All relevant risks are identified, formally assessed, and documented. For each risk, we have implemented specific controls and mitigation plans, and these are documented in formal risk and control matrices. The effectiveness of the controls is regularly evaluated through a formal self-assessment process, which is independently reviewed and tested by both internal and external audit. Internal Audit also conducts an annual Fraud Risk Assessment review to ensure that key fraud risks have been identified and adequately mitigated. The results of the self-assessment exercise and internal and external audit reviews are reported to management and the Audit Committee.

While it is management's responsibility to design, implement and operate effective risk management practices and controls, it is the role of Group Internal Audit, to evaluate the effectiveness of risk management and internal controls, assess compliance with policies and procedures and provide assurance to senior management and Board of Directors on their overall effectiveness.

To ensure the independence and objectivity of Internal Audit, the Chief Internal Audit Officer reports functionally to the Audit Committee. The role, responsibilities and authority of the Chief Internal Audit Officer and the function are set out in the Internal Audit Charter, which is reviewed and approved annually by the Committee. All Temenos employees, contractors, partners and suppliers are required to cooperate fully with Group Internal Audit when requested and to provide access to all records, property and personnel, as required.

In addition to the assurance provided by Internal Audit, Temenos engages a range of external assurance providers to provide industry standard certifications e.g. ISO accreditations and Systems and Organization Control (SOC) reports.

Quick links

Employee concerns 2021	Raised	Upheld	Dismissed
Workplace discrimination concerns (perceived feeling of discrimination)	2	0	2
Other workplace concerns (failure to comply with legal obligations, such as breach employment law or human rights obligations)	0	0	0
Fraud, theft, bribery or other ethical misconduct	1	0	1
Health and safety or perceived damage to the environment	1	0	1
Violation of the Temenos Business Code of Conduct	1	1	0
Actual, potential or perceived conflict of interest	1	0	1
Total	**6**	**1**	**5**

Information security and data privacy

Banking organizations globally place their trust in Temenos to provide industry-leading products and services to assist them with their technology and digital transformation initiatives. Alongside such projects comes the responsibility to ensure that everything we do as an organization is done with security and privacy in mind, protecting our own systems and ensuring that software and services are securely delivered, and client data is protected from malicious actions and securely processed in line with our obligations. To achieve this, Temenos has embedded security and privacy at the core of its business and established the governance, people, and processes necessary to secure the organization, services, and most importantly the data, products, and services provided to our clients.

Information Security

Governance

Temenos operates sound governance and oversight over its Information Security and Risk Management program. The Board of Directors oversees and approves the Group IT, Security, and Risk strategies and is responsible for all aspects of security, risk management and internal controls systems. The Temenos Board of Directors has sound experience in strategy, finance, technology and cyber security.

Under the oversight of the Board, Temenos have implemented a three line of defense model to support Temenos' growth, goals, strategy and key initiatives through effective risk, security and compliance management. To achieve this, a Chief Security Officer and Chief Risk Officer have been appointed to own the first and second lines of defense. The third line of defense remains under the Chief Internal Audit Officer.

The Board Audit Committee meets at least four times each year. Heads of business lines (including IT, Security, and Risk) are invited to present at the Audit Committee meetings regularly on progress against strategy, key performance and risk indicators, audit findings, and notable incidents.

The Temenos Executive Committee is responsible for developing and monitoring the three-year strategic plan of the Group. Information Security, Privacy, and Product are part of the preparation of the three-year strategic plan. Monthly Executive Committee meetings are held with wide business line representation and Information Security is represented within this Executive Committee by the CFO.

Enforced governance is ensured by the Security and Privacy Committee that oversees management effort in implementing global Information Security and Privacy compliance programs within the Company and ensures that Temenos has established written policies, guidelines and standards in compliance with the laws, rules and regulations of the countries in which we operate and in accordance with internationally recognized standards. The Security and Privacy Committee meetings are chaired by the Chief Security Officer (CSO) and are held quarterly at minimum. The membership of the Security and Privacy Committee has been elected in such a way, to provide a broad connection across the functions and departments of Temenos (Information Security, Privacy, Temenos Cloud, Information Technology, Legal, HR, Finance, CSR and Internal Audit).

Chief Security Officer

The Chief Security Officer oversees the first line of defense of the business with an organizational structure to ensure that specialized security functions continuously support delivery of the organization's agreed strategic plan.

Within the CSO organization, Temenos has established a holistic Security program covering Information Security, Security Operations, Security Risk and Assurance, Physical Security, and Security Culture and Awareness to address the security needs of Temenos systems and networks, facilities and buildings, and Temenos Cloud and services.

Information Security Framework

The Information Security team is responsible for building and maintaining the Security Framework, comprised of Security Policies, Standards, Processes, and Controls. This team oversees the implementation of this framework by working with relevant stakeholders to secure Temenos networks, facilities, devices, applications, and systems. It is primarily charged with the identification and implementation of appropriate security controls to address the security risks that are inherent in modern technology businesses.

The Temenos Security Framework is modeled on the Information Security Forum's Standard of Good Practice, and controls are derived from industry sources such as Center for Internet Security, Cloud Security Alliance, ISO27001/2, and other internationally recognized frameworks.

Cloud security

The Cloud Security team is embedded within the Temenos SaaS organization and ensures that the Temenos Cloud environments provide and maintain prescribed controls and tools to maintain the confidentiality, integrity and availability of our clients' applications and data, as defined in the Temenos Cloud Security and Privacy Framework. The Cloud Security function is a key component of the Temenos Cloud governance structure that ensures that all SaaS services delivered to clients comply with our obligations and implement best practice in terms of Information Security controls and processes.

Across the whole organization, multiple security controls and programs are in place. These include but are not limited to privileged identity and access management, data loss prevention, email security, web security, endpoint detection and response, anti-malware protection, application whitelisting, file integrity monitoring, network intrusion prevention, web application firewalls, mobile device management, denial of service protection, multi-factor authentication, and vulnerability management.

Security Operations Center

The Temenos Security Operations Center (SOC) performs 24/7/365 security monitoring and response across the entire of Temenos IT and cloud environments using state of the art security tools, systems, response playbooks, and procedures. It is the first responder to security incidents detected through monitoring or reported by employees or clients and has systems and procedures in place to collect triage and collect evidence, resolving incidents or escalating to management should it be required.

All incidents follow a standard lifecycle, derived from the National Institute of Standards and Technology (NIST) Computer Incident Handling Guide.

1. Preparing for incidents
Ensuring the proper allocation of resources, processes, tools, and preventative measures are in place.

2. Detection and analysis
Responding to alerts, intelligence, reports, or threat hunting. Triage and confirmation of suspicious activities. Identifying the scope and impact of the incident.

3. Containment, eradication, and recovery
Containment of the incident/threat, gathering of evidence, identifying attackers, eradicating compromised hosts and intruders from the network, and recovering services to full health.

4. Post-incident activity
Ensuring root cause analysis is complete, and that preventative measures are identified and implemented. Future use of incident data to inform decision-making and retention of evidence.

Incident response

Temenos recognizes that incident response is a necessity of running a modern technology company, and has implemented a Security Incident Management capability, embedded across the business to ensure rapid and robust response to security incidents small and large.

A Security Incident Response Team (SIRT) has been established to oversee the management of security incidents and is comprised of senior management responsible for actions necessary during incident response, including Information Security, IT, Legal, Cloud, and Internal Audit. Other parties are invited to participate as required depending on the nature of the incident.

SIRT is responsible for ensuring that necessary actions are taken, that sufficient priority and resources are available, and all obligations to affected parties are met, including obligation for notification to clients, regulators, investors, and so on. SIRT also conducts incident post-mortem to ensure preventative measures are identified, prioritized, assigned owners, and implemented.

Assurance

Temenos networks and systems are continually assessed for vulnerabilities through a Vulnerability and Threat Management program. This program includes assessment via vulnerability scanning, penetration testing, and threat intelligence analysis. These tests are conducted by an in-house team of security experts, who provide assurance for Temenos IT and cloud systems and applications used to provide service to Temenos Cloud clients.

Security training and awareness

Temenos operates a mandatory Security Awareness training program that includes modules covering multiple topics such as phishing, data security, privacy, and physical security. All Temenos employees and contractors should complete the training upon joining Temenos and repeat it annually. In 2021, Temenos achieved a 97.4% completion rate for the Security Awareness training. All partners – included in the Services Partner agreement – are required contractually to provide Security Awareness and Data Protection trainings to all their employees, working on Temenos projects. Specialized training is provided for employees or contractors working in more sensitive areas, such as Cloud Operations, Product Development, and Security teams. Other security awareness activities include regular phishing simulation exercises, email communications, and Intranet posts describing recent developments both internal and external to Temenos.

Temenos is an active member of industry-specific organizations such as Information Security Forum (ISF), Center for Information Security (CIS) or Cloud Security Alliance (CSA) that helps the Security function to leverage industry best practices, stay abreast of evolving threats and continuously improve the knowledge level of security staff.

OPERATING RESPONSIBLY continued

Product Security

Temenos Product Security incorporates continuous security assessment improvement through researching of the latest vulnerabilities and attack trends. As part of the secure development lifecycle, identifying vulnerabilities involves testing target applications using a variety of different methods and tools. Product security has been embedded into Temenos product development methodology to the extent that we are confident that the secure development and testing approach reduces the risk of security issues within the product set.

Architecture changes or new products are raised to the Security Design Authority for global review and approval. The secure design, development and review process aims to ensure that security principles are implemented such as:

- Potential flaws or vulnerabilities are identified at initial phase of design and development, before coding process
- Code is developed securely and that the security controls identified during the design phase are implemented
- Secure coding practices are applied and adhered to
- Unit testing of security features of the application are applied, security audit and code reviews performed, automated code review tools used
- Ensure security recommendations are implemented and approved.

Information system enhancement and new product requests are raised by the Product Development Team on the Product Security Assurance (PSA) team and reviewed for security design and tested using a combination of OWASP ASVS and Top10, SANS and specific test scenarios designed by Temenos. Testing result is reviewed and approved by the PSA team.

Product security testing is performed by the PSA team prior to product deployment into production. Based on the product environment, the following security testing is performed:

- Secure Code Review
- Static Code Analysis (SAST)
- Open Source Library Analysis (OSL)
- Malicious Code Detection
- Dynamic application security testing (DAST)
- Internal and External Penetration Testing.

Vulnerability report along with recommendations are shared by the PSA team with the development team for actions. All identified issues are recorded in the Incident Management tool. Critical applications are subject to malicious code review performed by the PSA team that includes system backdoors, application backdoors and cryptography backdoors.

Privacy

Privacy organization

The Chief Privacy Officer (CPO) has responsibility for privacy throughout the Company, including our cloud, product and corporate business units. The CPO reports directly to the Audit Committee. Temenos operates an enterprise-wide privacy framework to drive and monitor privacy compliance. Important components of this framework include:

- governance and oversight from the Security and Privacy Committee
- annual updates of our records of processing
- privacy policies that are shared with and apply to all stakeholders including staff and third parties
- privacy training for all staff and contractors
- privacy by design reviews
- operation our enterprise-wide privacy management software
- privacy certifications (ISO 27018) where applicable
- privacy compliance audits and reviews are carried out by our Internal Audit function on a regular basis.

GDPR

Since the EU General Data Protection Regulation (GDPR) came into force in May 2018, GDPR principles have been embedded in Temenos processes, including the application of "Privacy by Design" and using appropriate technical and organizational measures to ensure security of personal data. Given Temenos international client base and distributed operating model, GDPR impacts on Temenos business in various respects. Temenos observes developments to the GDPR regulatory environment, such as the Schrems II decision issued in 2020 and updates concerning approved data transfer mechanisms. Temenos continues to monitor and respond to these developments.

How Temenos uses data

Temenos processes personal data only for the purpose it was originally collected as per the applicable legal basis of processing. Personal data is not processed for any other secondary purpose. Access to that data is restricted to the people responsible for the specific processing activities. Temenos has never received any requests for customer information from government or law enforcement agencies. In addition, the Company has neither received any substantiated complaint concerning breaches of customer privacy and losses of customer data in 2021, nor has there been any monetary losses as a result of legal proceedings associated with user privacy.

E-privacy

The Temenos Privacy Policy is available on our website. We also maintain an Employee Privacy Notice. The users that opt-in to our targeting advertising cookies on Temenos.com may see our display advertising banners; additionally, users that search on Google for terms relevant to our business may see our ads. Personal data are not used in both cases. The nature of our products and services means that they are not subject to government-required monitoring, blocking, content-filtering or censoring.

Chief Risk Officer

Temenos appointed a Chief Risk Officer (CRO) to delineate an independent second line of defense, manage the Enterprise Risk Management program and implement an authority structure that can approve appropriate risk treatment and support risk management projects. Enterprise as well as Information Security Risk Management and Business Continuity report to the CRO.

Risk management

Regular risk and security posture assessment and reporting are provided to relevant management committees, including as applicable any actions and compliance findings, which are then tracked from the Board level down. Maintaining an understanding of the risks associated with security of information assets is central to the Temenos information security management program. To further enhance its risk management program, Temenos has formed a Risk Board Committee dedicated to cloud business whose responsibility among others include:

- Review and approval of the cloud risk management strategy, policy and framework ensuring alignment with Temenos Group Risk Management policy
- Review results and quality of risk assessments performed
- Ensure that all material risks have defined owners, treatment plans and implementation progress is monitored
- Review and approve initiatives to implement risk management practices within existing operations, provide insight, guidance and sponsorship for delivery of such initiatives
- Periodically evaluate adherence to the risk management program and asses its effectiveness.

The standing members of Risk Board Committee consist of Temenos Cloud global management team such as the Chief Cloud Officer, Global Delivery Director, Global Head of Cloud Operations, Global Cloud Security Director, the Regional Cloud Heads, Product Security, Legal, Governance Risk and Control teams. The Risk Board Committee, chaired by the Chief Risk Officer, meets quarterly at minimum, with additional interim meetings as required.

Business Continuity

Temenos is a firm believer that innovation can be found at all aspects of the Company and not just the products and their delivery. As such, it has introduced a novel way of looking at Business Continuity and Resilience that goes beyond the aspect of risk and recovery and looks at Business Continuity Management (BCM) through the prism of ethics. BCM is practiced not only because Temenos wants to be able to continue its activities in an unfortunate incident but also because we have an ethical responsibility towards all our stakeholders. We have responsibility towards:

- our employees by exercising our duty of care towards them
- our clients that they always enjoy our products and services uninterrupted
- our partners that we continuously and seamlessly provide our services to them
- our shareholders, investors and all interested stakeholders by protecting our products, intellectual property, people, premises and supply chain.

Planning for interruptions that hamper the ability of the organization to function are key into designing and operating our BCMSystem (BCMS). Our planning covers four basic pillars of interruptions/risks which are interruptions due to:

- unavailability of premises, like our offices and key locations where we operate from
- unavailability of infrastructure, like our data centers, hardware or software IT services
- unavailability of personnel, like epidemics, pandemics etc.
- and unavailability of third-party suppliers, like cloud platform providers and key vendors.

For this purpose, BCMS is run by a dedicated Global Business Continuity team that takes into consideration our internal structure and by planning for the above interruptions, mitigates the risks of the above type of incidents in two ways: proactively: by having proper BCM planning and processes in place, and; reactively: by following proper emergency response plans if the above risks materialize in order to minimize their effect. Regular annual updates – or whenever significant business change occurs – guarantee that plans are fit-for-purpose and relevant if the need to use them arises.

Responsible procurement

Beyond our operations, our commitment to operate responsibly and sustainably extends to our suppliers and business partners. Temenos has integrated sustainability considerations in its procurement policy and practices and expanded to strategic procurement operating model that proactively engages the business and suppliers for sustained cost efficiency, enabled innovation and operational risk mitigation in the supply chain.

We employ a responsible strategic sourcing process for categories of supply considered critical for our business (focus suppliers). The suppliers that are critical for our business are:

» Suppliers that provide goods and/or services that are directly linked to Temenos products and solutions
» Suppliers that have access to and/or process our employee or Company data
» Suppliers that connect to our systems or require access to Temenos intellectual property or confidential information
» Suppliers that provide technical or IT services and/or software products that involve intellectual property licensing.

Sustainability and operational risk assessments are part of the supplier selection process and the annual supplier performance and risk assessment activities. For the risk assessments, we use a Supplier Questionnaire that covers areas such as business and ethical conduct, environment, human and labor rights, impact on society, client privacy and information security, financial and legal compliance requirements. Our Supplier Questionnaire is aligned with the 10 principles of the UN Global Compact and the EU General Data Protection Regulation 2016/679. As part of our ongoing plan to integrate ESG into our value chain, we are planning to incorporate supplier diversity as a weighted criterion in the supplier selection and renewal processes.

In 2021 we have implemented a third party supplier risk management software to proactively map risks using external data to enable predictive risk management and planning; influence suppliers by implementing a new compliance framework to plan, execute, monitor and assess shared strategic sustainability goals.

Our Supplier Code of Conduct lists our commitments and expectations as well as the requirements for our suppliers in adhering to our responsible ways of doing business and is integrated as a clause into contracts and Purchase Order Terms and Conditions. We expect our suppliers to champion these values in their own supply chains, while encouraging them to develop responsible practices of their own and communicate any concerns they might have related to a possible breach of our Code through the Anonymous Reporting mechanism.

Temenos.com has a dedicated supplier section where we publicly disclosed the Supplier Code of Conduct as well as relevant information related to our Purchase Order Terms and Conditions and invoice guidelines.

The Temenos Strategic Procurement and Vendor Management team provides a centralized governance structure organized around supply categories actively focusing on value creation from spend management and value maximization to vendor performance management.

Spending on local suppliers

We recognize that a supply chain composed of diverse suppliers promotes competition and quality from our vendors, drives innovation and helps us better reflect the diversity of our clients. We are proud to work with a range of diverse and dynamic supplier base that can meet the specific needs of each business line. We build and maintain relationships with both small local suppliers as well as large international suppliers. The percentage of the procurement budget used for our top significant locations of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally) is as follows:

Top 15 countries based on headcount*	% purchases from local suppliers
India	74%
USA	86%
United Kingdom	70%
Romania	96%
Australia	68%
Luxembourg	56%
Singapore	71%
UAE	64%
Switzerland	46%
Canada	77%
Greece	46%
Germany	95%
Ecuador	30%
China	100%
France	44%

* Highest: 5,139, lowest: 31.

The reported local spending contains all purchases performed by the Temenos local entity from local suppliers, i.e. suppliers that are registered in the same country as the Temenos entity that pays them.

Responsible procurement framework 2021-2025

We have established a responsible procurement framework to track our current achievements and long-term goals in delivering sustainable outcomes:

Area	2021 objective	Achievement	2022 objective	2025 target
People	Sustainable procurement to be included as part of all staff induction program	100%	Sustainable procurement to be included as part of all staff induction program	Reach 100%
Policy and strategy	Ensure the internal sustainable procurement policy is reviewed regularly as part of the CSR strategy	100%	Ensure the internal sustainable procurement policy is reviewed regularly as part of the CSR strategy	Maintain 100%
Procurement process	Sustainability assessment for most supplier categories	84%	Sustainability assessment for most supplier categories	Reach 100%
Engaging suppliers	Supplier engagement program in place, promoting continual sustainability improvement and CSR audits if required	13%	Supplier engagement program in place, promoting continual sustainability improvement and CSR audits if required	Reach 100%

OPERATING RESPONSIBLY continued

Environmental responsibility

With the continued global spotlight on the critical issue of climate change, we recognize the importance of understanding and taking action on our material environmental impacts, risks and opportunities. While fully complying with all relevant environmental laws and legislation at our office locations globally, we support a precautionary approach to environmental challenges on our own initiative and an environmentally responsible way of conducting our business. No instances of non-compliance with environmental laws and regulations occurred in 2021.

We are committed to:

- measuring and monitoring our global environmental footprint and reporting on our progress,
- implementing mitigation, reduction and improvement initiatives, by continuously identifying opportunities to increase our energy efficiency and reducing carbon emissions both in our operations as well as in our value chain
- aligning with international guidelines related to disposal of electronic waste
- helping our clients reduce and improve their carbon footprint, so that they can reach their ESG targets as well as their net zero plan.

The Temenos Environmental Roadmap is structured around four areas: Environmental Policy and Management System, Climate Change Strategy, Environmental Monitoring and Reporting and People Environmental Awareness.

Environmental Policy and management

Temenos has 62 offices in 39 countries. All Temenos offices are located in large, leased office buildings close to city centers and outside protected lands and habitats. The Temenos offices are designed internally in such a way as to fully utilize natural resources, such as sunlight or make efficient use of the office space (open space externally used as patios), and to create an excellent working environment.

We have incorporated environmental requirements into our corporate facilities management practices and developed a comprehensive facilities management strategy that incorporates both financial and non-financial criteria for new property leases (procedure and standards for selecting a new property) and for renewal of existing leases. We continuously pursue initiatives to help us improve energy efficiency and reduction of carbon emissions at a time of ongoing growth in our business.

Green buildings

At the end of 2021, approximately 34.1% of the large leased office buildings, accounting for a total area of 23,154m^2, based on occupied surface area were certified for their environmental performance as per a sustainable/green building standard, such as BOMA 360 and Best Gold, LEEDS Gold and Silver, Energy Star, BREEAM, Green Star, HQE, Green Mark Gold Plus, IGBC Gold), on their own initiative. The respective Temenos offices are:

- in Americas: Miami, Lake Mary, Broomfield, Boston, Mexico City, Surrey and Mississauga, Canada
- in Europe: Madrid, Bucharest, Amsterdam, Krakow, Paris
- in APAC: Singapore and Hyderabad, India
- in Africa: Johannesburg.

Looking forward, since all Temenos offices are based in leased spaces in office buildings, we are working on installing smart-metering with real-time data to improve operational control and efficiency, starting with our UK offices.

CASE STUDY:

Hyderabad Phoenix awarded IGBC Gold Rating

During 2021, the building that our Hyderabad Phoenix office is located, underwent a rigorous audit and was awarded the Indian Green Building Council's (IGBC) Gold Certification, which required a major contribution of renewable energy initiatives and several measures and processes, such as:

- 419 kW Solar Energy Rooftop Plant, functional since July 2020 with benefits passed over on to all tenants
- Application of 'Solar Reflective Paint' on the terrace in all the exposed areas
- Installation of 25 Nos of EV charging points in the parking lots with more planned as per increase in EVs
- Installation of motion sensors in parking spaces to reduce electricity consumption
- Investing in landscaping and plantations
- Construction of organic waste converter and garbage room to recycle wet waste
- Installation of reverse osmosis plant in series with existing STP, to enable HVAC systems to utilize recycled water.

Environmental Management System

In 2017, we introduced a Global Environment policy, as part of the Temenos Business Code of Conduct. We are committed to continuously identifying opportunities to increase our energy efficiency, reduce our carbon emissions and transition to a low-carbon economy.

In 2018, we developed a Global Environmental Management System (EMS) and aligned it with international standards. We have successfully implemented the EMS, while receiving ISO 14001:2015 certification for our offices in:

- India: Chennai and Bangalore in 2018
- Romania in 2019
- Luxembourg: Bertrange and Strassen offices in 2020, and
- UK: Fenchurch office in 2021.

These offices account for approximately 63.2% of the total global employee workforce, including all acquisitions. We will continue to increase ISO14001 coverage, giving priority to offices with the highest headcount.

Our Global EMS and the local ISO14001 certifications, apart from supporting our commitment of minimizing our impact on the environment, provide us with a framework to avoid the risk of non-compliance with regulations and stakeholder requirements, as well as an opportunity to gain new market share as ISO14001 certification is increasingly requested by clients.

In all ISO14001 certified offices, we set annual local targets, roll out action plans, implement operational controls and monitor performance (energy, water, waste and GHG emissions). The local EMS Teams, led by dedicated and trained office managers, are responsible for achieving these targets and for continuously improving Temenos environmental performance.

In 2021, we have also rolled out a mandatory environmental awareness training for the employees in all ISO14001 certified locations, with 94.4% participation rate. To achieve our targets, we always seek for opportunities to incorporate operational control measures in these offices and mitigate our environmental impact such as:

- installation of motion sensors and dimming systems in common areas
- upgrades of A/C systems
- use of LED lights
- consolidation of critical rooms (data centers, server rooms and switch rooms)
- use of ID secure printers
- installation of pedestal, tapping and motion sensor systems on water fixtures
- monthly preventive maintenance of office facilities
- use of electricity from renewable sources
- awareness campaigns and targeted trainings to promote eco-friendly practices and sustainable consumption, and initiatives to protect nature and local ecosystems.

The table below demonstrates the 2021 % reduction of the environmental KPIs per ISO14001certified location vs 2020 performance.

2022 Goals

- To implement EMS to additional offices in India and increase the certification coverage
- To set internal targets per location towards a zero-waste workplace

Event Sustainability Management System

Integrating sustainability into our corporate, sponsored or other types of events, and ensuring that our event planning operates with the same high sustainability standards, as our core business, proves our commitment to respect the principles of sustainable development. Therefore, we have a Sustainable Event Planning policy, which is linked to the Global Environment policy, as part of the Temenos Code of Conduct and the Temenos Supplier Code of Conduct. Temenos aims to organize sustainable events, while minimizing its negative environmental impact in the areas of waste, water, energy and air quality and maximizing its positive social and economic impacts of the events. Due to the Covid-19 restrictions, no physical events took place in 2021. More information on sustainable event planning can be found in the 2020 Annual Report.

2021 KPIs for ISO14001 certified locations: % decrease vs 2020 performance

	Energy Intensity (kWh per capita)	Water Intensity (L per capita)	Waste Intensity Kg per capita)	Scope 1 and 2 GHG emissions (tCO_2e)	Scope 3 Business Travel GHG emissions (tCO_2e)
India	17.3	39.1	22.9	5.7	71.5
Romania	11.7	2.2	52.2	46.8	80.9
Luxembourg	13.7	20.2	47.3	N/A (RES)	35.6

"Banking and technology are powerful forces for change and can advance sustainable development. We are committed to supporting this, by reducing our own carbon footprint, and by helping our clients become smart, sustainable and inclusive organizations through our green cloud technology and reach their sustainability targets."

Climate change strategy

Temenos considers climate change as a business imperative. We believe that how we address climate risks matters to our business, to the community and to the planet. It is important for us to understand the material financial implications of climate change on our operations and product offering. As part of our environmental responsibility strategy, we are committed to:

» measuring our global impact and implementing climate risk mitigation and adaptation measures through energy reduction and emissions' avoidance initiatives
» contributing to the reduction of GHG emissions, investing in energy efficiency measures including a progressive transition to purchasing renewable electricity in our own operations
» providing our clients with the tools to reduce their or their customers' carbon footprint, improve their environmental performance, reach their sustainability targets and enable them through their net zero journey and
» working with our partners on the above for more environmental benefits for our clients.

In 2021, we adopted the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) and published our first qualitative TCFD report on climate-related risks and opportunities. Based on the risk assessment, we have set mitigation and adaptation measures and internal targets to manage these climate-related risks and opportunities.

Mitigation measures: Our aim is to reduce our operational carbon by implementing a series of key initiatives, in order to improve energy efficiency, reduce emissions and invest in offset projects for the carbon emissions we cannot reduce or replace, such as: implementation of our ISO 14001 certified Global EMS, increased internal communication and environmental training, investment in virtual collaboration and communication technologies, changes in travel and global mobility policies, introduction of a facilities management strategy that incorporates environmental criteria for new property leases and for renewal of existing leases, joint energy efficiency and innovation activities with the landlords in the buildings we lease, partnerships with suppliers and event management vendors with the same mindset, internal carbon pricing for flights and investment in carbon credits In addition, Temenos has committed to, gradually and wherever possible, migrate from carbon-based electricity (generated by fossil fuels) to low-carbon electricity (renewable and decarbonized energy). The goal is to increase the use of renewable energy in our operations, and hence reduce our Scope 1 and Scope 2 GHG emissions, in a rate compatible with the Science-Based Targets Initiative methodology, by 2030, with 2019 as the base year. We are in the process of getting our Science-Based Targets validated by the end of 2022.

Adaptation measures: Based on the Temenos risk management methodology, physical risks have been identified per each region. Our operations in India, the region with the most anticipated adverse effects from climate change out of all Temenos locations, has been rated to have negligible to low financial impacts. However, we have proactively reduced the size of our own Data Centers in Hyderabad, as Telangana state has a higher risk of water depletion compared to Tamil Nadu and Karnataka states. As an overall plan, Temenos has in place an ISO22301 certified business continuity plan to prevent or minimize any adverse impacts and ensure the continuity of services to our clients, should such events occur: back-up processes of Data Centers from primary to secondary locations, switching computing to other sites, using back-up generators and UPS systems, internal corporate IT service continuity and disaster recovery plans, supplier contingency planning, crisis management and major incident handling procedures, as well as property insurance covering SFTI risks and employee mobility, specific per location. Also, Temenos offices are located in large, leased office buildings, where such physical risks are included in the lease agreement.

In line with the Business Ambition for 1.5°C, Temenos has identified three key areas to drive its climate change strategy towards a net-zero economy, based on the TCFD Recommendations: Renewable Energy, Strategic Planning of the Data Centers and Eco-Efficiency.

CASE STUDY:

The Temenos Banking Cloud

At Temenos, we recognize that climate change is a global challenge with financial implications, which require everybody's immediate response.

So, we have adopted the TCFD framework and published our first qualitative report on climate-related risks and opportunities in 2021. We are currently in the process of setting Science-Based Targets and having them externally validated by the end of 2022.

Going beyond our operations, through our product offering, the Temenos Banking Cloud, apart from the obvious business benefits, we help our clients measure, improve and report on their carbon footprint with BI data, so that they can reach their sustainability targets and address global social and environmental issues. We are also working with our partners, public cloud providers like Microsoft, AWS and Google, to offer the most sustainable options to our clients.

So, SaaS and cloud have enormous potential to transform the world of banking software, as they reduce energy and emissions by more than 90% compared to on-premise solutions. And together with our open platform for composable banking, banks can extend their services by integrating third party applications – like the carbon footprint solution providers on Temenos Exchange, to help their customers track their carbon footprint.

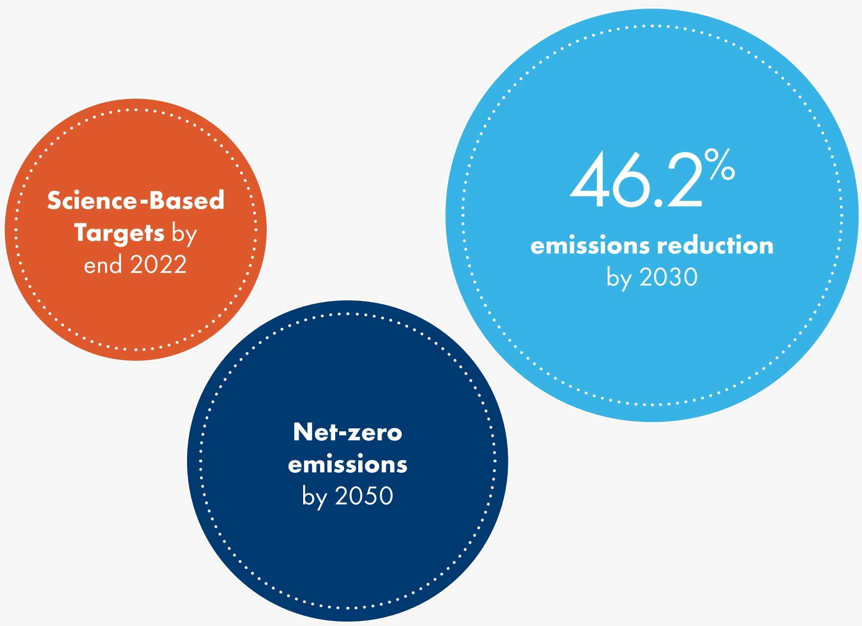
These carbon footprint apps will also bring value to the banks as they help them attract and retain their customers.

So, the Temenos Banking Cloud is a true climate-related opportunity and can help banks comply with changing environmental regulations globally and commit to net zero plans and targets.

For more information, please refer to Innovating with Purpose section.

CLIMATE CHANGE AND CARBON NEUTRALITY

Business ambition for 1.5°C



OPERATING RESPONSIBLY continued

CONTRIBUTION TO THE UN SDGS

Renewable energy

Offices

During 2021, four new offices (in Belgium, Germany, Costa Rica and the UK) switched to renewable energy sourcing for electricity, in addition to our offices in Luxembourg, Switzerland and the Netherlands, accounting for 4.4% of our total electricity consumption. Temenos is planning to transition, wherever available and possible given the challenge of leased property, to energy suppliers with renewable energy, towards our journey to a low-carbon economy.

Data Centers and cloud

The majority of our IT infrastructure is located in facilities managed by third party companies, specialized in Data Center services, where we do not procure the energy, or control the operations of the buildings, the so-called collocated Data Centers. We work very closely with these collocated Data Centers on our sustainability journey. To best mitigate the risks of climate change, we aim to collaborate with collocated Data Centers, which have sustainability goals and monitor their performance.

In Europe, our collocated Data Centers operate under 100% of renewable energy (Germany and Switzerland). In the Americas, our Canadian provider (Equinix) utilizes 100% renewable energy from wind and our US provider (Evoque) utilizes approximately 28.5% of renewable energy generated from non-hydroelectric sources. The Australian collocated Data Center operates with a minimum 20% load coming from renewable sources, same as all power consumed in New South Wales. In total, approximately 60% of the energy consumed by our collocated Data Centers globally, is derived of renewable energy sources.

Regarding cloud providers, we strategically partner with public cloud providers with strong environmental agendas and commitment towards using 100% renewable energy.

Strategic planning of Data Centers (SASB TC-SI-130a.3)

We recognize that Data Centers can make a substantial contribution to climate change mitigation, if implementing a comprehensive set of energy efficiency practices and that cloud and SaaS products can lead to a more efficient use of energy and can contribute to mitigating climate change effects through replacement by digital services.

Our goal regarding the energy efficiency and the use of renewable energy both at our collocated and owned Data Centers is to reduce the intensity of our energy use and to increase the use of renewable energy.

Collocated Data Centers

Since 2015, we are running a consolidation project with a goal to keep only two collocated Data Centers per continents (two in India, two in Europe, two in the Americas). We highly recognize the value added in allowing experts with green initiatives in place to manage the IT environment, including air-cooling, grey water usage, power usage effectiveness ratio, renewable energy use etc. In regions, with stringent regulations regarding carbon emissions and energy efficiency mitigation plans, we select to partner with collocated Data Centers which operate with high standards. In Europe, our Data Center partners are compliant with the requirements of the "EU Code of Conduct for Energy Efficiency in Data Centres", as described in the EU Taxonomy Regulation: they utilize 100% renewable energy, using hydropower, shift towards cold-aisle containment and recycle the generated heat with their local utility company. Especially, our Collocated Data Center in Geneva, Safe Host, recovers the low temperature thermal waste from the cooling of its servers, which would otherwise vent into the air and lost, and transfers the heat to the CADZIPLO organization, which is responsible for operating the heating requirements of the surrounding industrial and residential buildings.

Owned Data Centers

During the past years, we have shut down our own Data Centers in Brussels and Luxembourg, and reduced the size and the electrical load of our Data Centers in Hyderabad, India, taking into account the high-risk water stress of the area, based on the WRI's Water Risk Atlas Tool, Aqueduct. We are reducing our Data Center footprint by carefully considering our platform design and leveraging our multi-tenant architecture. Regarding our own Data Centers in India, Chennai/Bangalore/Hyderabad, we are in the process of installing smart metering, to better monitor energy consumption, PUE and investigate energy efficiency, as well as renewable energy opportunities. Furthermore, we choose to repurpose our existing servers: when a server is no longer suitable for its current workload due to age or performance restrictions, we investigate options of repurposing it for another function inside the organization. By doing so, we can extend the life of a server and reduce e-waste by delaying the purchase of new servers. We also use hyperconvergence, an IT infrastructure technique that consolidates compute, storage and networking resources into a unified system, helping to reduce Data Center complexity and footprint.

Public cloud

The momentum towards sustainable banking and green IT and cloud is only increasing. Our mission towards a modern banking technology transformation is critical to providing our clients with the products to enable them to transition to a low carbon global economy. Our CDP reporting reflects our strong commitment towards our vision of an inclusive and sustainable world together with our stakeholders. Temenos recognizes the environmental benefits of cloud computing and has strategically selected to employ a cloud-agnostic approach for its cloud and SaaS products. Our cloud-native SaaS offering, the Temenos Banking Cloud, is a climate-related opportunity, which helps banks become more operationally efficient and sustainable by reducing their carbon footprint and improving their operational and environmental performance, in order to reach their sustainability targets. Our three public cloud providers Microsoft Azure, Google and AWS have strong environmental agendas and are committed to sustainability goals on using 100% renewable energy, as well as on improving the efficiency of the infrastructure. In addition, Microsoft Azure offers a Sustainability calculator, which enables online monitoring of emissions related to the use of Azure Cloud. By moving to flexible cloud-based infrastructure, we are expecting to reduce our own and our clients' energy use, increase the renewable energy use and as a consequence the rate of carbon emissions. Migrating to cloud means also fewer infrastructure, hence fewer e-waste. Thus, our clients who adopt the Temenos Banking Cloud will also accrue the inherent business benefits of this technology compared to an on-premise deployment.

CASE STUDY:

Temenos expands its partnership with Microsoft

In December 2021, Temenos expanded its collaboration with Microsoft to meet the growing demand from banks for SaaS and banking capabilities delivered by Temenos' open banking platform. Furthermore, Temenos is currently collaborating with Microsoft on Green Cloud initiatives to help banks see an immediate and significant reduction in their carbon footprint and support them in achieving their ESG goals. Research commissioned by Microsoft estimates businesses using their infrastructure are up to 93% more energy-efficient and can result in up to 98% lower carbon emissions than operating their own data center. These savings are attributable to four key features of the Microsoft Cloud: IT operational efficiency, IT equipment efficiency, data center infrastructure efficiency, and renewable electricity.

CASE STUDY:

Temenos Exchange Marketplace

The pre-integrated solutions, available on Temenos Exchange, Temenos' Fintech Marketplace bring open banking innovation to market faster, and at scale. With our open platform for composable banking, banks can extend their services by integrating third party applications from Temenos Exchange, like Bud and Greenomy, to help their customers track their carbon footprint or digitalize sustainability reporting to align with the EU Taxonomy, that enables the redirection of funds towards sustainable activities, speeding up the transition to a carbon-neutral economy in line with the European Commission's Green Deal.

Eco-efficiency

The progress made in the normalized KPIs since 2017, as per capita, is a direct impact of the progress made to reduce consumption of the natural resources (numerator), to the changes in the number of employees (denominator) and to the evolution of the conversion factors. Key contributors to our strategy of efficient use of natural resources are our ISO14001 management system, as we aim to continuously improve our environmental performance and our responsible procurement process, setting specific criteria for the selection of key supplies. Most of Temenos procured office IT equipment is compliant with internationally acknowledged standards, such as Energy Star, EPEAT, TCO and our collocated Data Centers are monitoring their own efficiency. For 2021, we estimated, based on reports from our providers that their average Power Usage Effectiveness ratio (PUE) was 1.56.

As a result, we have managed to reduce our intensity of energy and water consumption vs 2020. The exact reductions through energy-saving initiatives and optimization programs can be found in the KPI tables of the Environmental Monitoring and Reporting section.

Energy efficiency audits

Our European offices in Germany, Luxembourg and Romania, which qualify under the guidelines set by the EU Energy Efficiency Directive, are undergoing energy efficiency audits every four years. The general objective of the energy audit work is to identify and evaluate the use of energy resources and substantiate measures to save energy resources and modernize, if necessary, facilities to increase energy efficiency and reduce pollutant emissions. During the energy audits, various criteria are taken into account, such as: wall thickness, type of masonry, type of roof, condition of basement, condition of heating columns, performance of heating or ventilation system. All this information is obtained by on-site research of an authorized auditor, from specific documents, from information from the building owner or by specific measurements.

At our UK offices, as a part of Energy Savings Opportunity Scheme 2015 (ESOS) requirements, we engaged a third party to conduct an Energy Efficiency audit in line with BS EN 16247 standard and identified opportunities to improve our energy efficiency. In 2019, we continued to perform the Energy Efficiency audit in all four UK offices. By the end of 2021, our UK offices achieved a 32.3% reduction in energy use vs 2020, by optimizing use of the facilities in collaboration with the building management companies, as well as installing new LED lighting with automatic censoring and automatic meter reading (AMR) for electricity consumption. Our UK offices are also compliant with the ESOS Phase 2, the mandatory energy assessment scheme, according to which large organizations are required to assess their energy usage every four years and to find new ways to save energy, as well as with the new Streamlined Energy and Carbon Reporting (SECR) scheme, the mandatory annual reporting of energy consumption, of GHG Scope 1 and 2 emissions, and energy efficiency initiatives.

In December 2021, we also rolled out a multi-site energy efficiency audit as per ASHRAE level 2 guidelines for all five offices in India (located in Chennai, Bangalore and Hyderabad) to analyze the energy profile and identify targeted energy conservation measures and appropriate IOT-based solutions per each site. The conclusions of these audits are being analyzed, in order to guide Temenos climate change strategic plan.

Environmental monitoring and reporting

We have set up an EMS Desk, an internal Company-wide mechanism, to measure, monitor and report our environmental footprint in relation to business travel, employee commute, energy and water consumption and waste generation and introduce ways, including clean technology to conserve resources in select locations globally with the largest employee concentration. As part of the SBTi target submission and validation process by end of FY2022, we are also in the process of establishing a methodology to evaluate and monitor all relevant Scope 3 categories, including purchased goods and services, capital goods, other fuel and energy-related activities and use of end products.

Energy

Offices

Since 2019, we measure and report 99% of the total energy consumption and GHG emissions, excluding only a few individual small offices with limited headcount (ten people or less). We are in the process of setting internal targets on energy consumption per location, to align our performance with our climate change strategy and be able to monitor our progress once our Science-Based Targets get officially validated by the SBTi.

Data Centers

Since 2020, we have installed a smart-metering system in our Data Center in Bangalore, and we are continuing with the installation of a similar system in our Data Center in Chennai, to monitor separately the energy consumption and improve energy efficiency. We have also set up a global procedure to report on the total PUE of our collocated Data Centers in Europe, USA and Canada, as well as our carbon emissions from cloud computing. The energy consumption from our collocated Data Centers in 2021 was 732,638kWh, accounting for 12.8% of Temenos total energy use, (excluding one of our collocated Data Centers in Canada). The emissions from the use of cloud, based on the Microsoft Azure calculator, were estimated as 105 tCO_2e. Whenever needed, we opt for mitigation measures such as repurposing, hyperconvergence, replacement of existing aging servers, selection of the most efficient power supply on server, optimum airflow management and cooling and decommission of underutilized servers to avoid waste of power/cooling, thus reducing our CO_2 footprint.

Business travel

As an IT software company, we rely on our people who travel to deliver our services, so business travel by air constitutes an environmental impact that cannot be easily reduced. We measure our environmental footprint in relation to business air travel for all the countries we operate, representing 100% of the total employee concentration. In 2021, following the same trend as 2020, due to Covid-19 travel restrictions we noted a 25.2% reduction in our Scope 3 emissions from business travel versus 2020. We implement internally carbon emission reduction initiatives, such as travel and global mobility policies, internal carbon pricing, increased internal communication and environmental training, efficient meeting management that requires travel around big corporate events, use of other lower-carbon modes of transport for travel within Europe and further investment in virtual collaboration and communication technologies. Finally, since 2018, we have been investing in carbon emissions offsets for all our air travel globally.

* For more information, please refer to About this Report.

Employee commute

Following the same pattern as 2020, due to Covid-19 restrictions, the majority of our employees were advised to work from home, according to country specific regulations. As of September 2021, we have adopted a hybrid working model to facilitate the return to the offices and to strengthen our work and life balance. Therefore, we did not conduct a survey this year, and estimated our GHG emissions from employee commute, based on the 2019 internal employee commute survey and on a monthly tracking tool used across Temenos offices*.

Carbon footprint: the journey towards Carbon Neutrality and Net Zero

We have invested on a sustainability software platform, and we are working towards establishing a real time BI system for environmental data disclosures and reporting insights to reduce carbon emissions and guide our journey towards Net Zero. The primary sources of our emissions are natural gas, on-site electricity generation, purchased electricity, fugitive emissions, employee commute and business travel. The total energy consumed during 2021 is 32,461GJ, including all types of energy (renewable and non- renewable purchased grid electricity, natural gas, on-site generation). The direct energy consumption by primary energy source is 2,954GJ, with natural gas consumption accounting for 9% of the total energy use. The indirect energy consumption by primary source is 29,175GJ, which has been reduced by 3.3% compared to 2019 (base year). Total energy conserved in 2021 vs 2020 was 388.4GJ and has been reduced by 1.6% compared to 2019 (base year). The percentages correspond to reduction of purchased grid electricity (renewable and non- renewable) absolute consumption, as an outcome of our energy conservation programs. The total energy consumption (use of electricity, natural gas and diesel) was 9,107MWh, with 356MWh derived from renewable energy sources, and 8,751MWh from non-renewable energy sources. Our annual absolute greenhouse gas emissions (GHG) are at 10,261 tCO_2e.

The total electricity load of all our offices in India is 4,192 kW, from the operation of HVAC systems, UPS and lighting. For 2021, the fugitive emissions from HCFCs, HFCs and Ozone Depleting Substances were 364.42 tCO_2e. These emissions resulted from the use of the air conditioning systems and were calculated, using the methodology provided by the sustainability software we have implemented*. Regarding NOx, SOx, VOCs, PM and HAPs emissions, we do not consider being significant to our operation, as we are a software company.

As part of setting and validating our Science-Based Targets by end of 2022 and aligning with the Business Ambition for 1.5°C, we are also in the process of calculating our Scope 3 emissions from purchased goods and services, capital goods, fuel and energy-related activities and use of sold products.

2022 Goals

- To implement energy efficiency measures in more offices with large employee concentration
- To set Science-Based Targets and have them externally validated.

OPERATING RESPONSIBLY continued

Priority area	Objective	Indicator	2021 performance	2025 target
Operating Responsibly	Environment Policy and Management	Roll out EMS to additional locations and increase the ISO 14001:2015 certification coverage	7 offices	8 offices
	Climate Change and Carbon Neutrality	Percentage of per capita energy consumption for certified ISO 14001 offices, compared to 2018 baseline (first certification) reduction	35%	20%*
		% Renewable electricity use in our offices	4.4%	10%

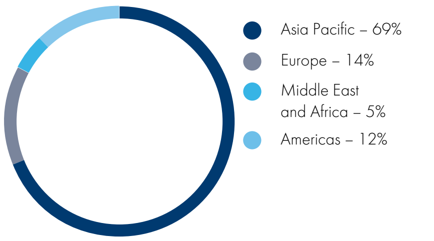
* To be re-evaluated after ISO14001 certification of Hyderabad offices in 2022.

Emissions activities	Scope	Emission source
Natural gas consumption	Direct (Scope 1)	Natural gas supply
On-site electricity generation – diesel fuel	Direct (Scope 1)	Diesel-operated generator sets
Fugitive Emissions (HCFCs, HFCs, ODS)	Direct (Scope 1)	Air-conditioning equipment
Purchased electricity	Indirect (Scope 2)	Electricity grid
Employee commute	Other indirect (Scope 3)	Employees' private vehicles*
Business travel	Other indirect (Scope 3)	Commercial airlines

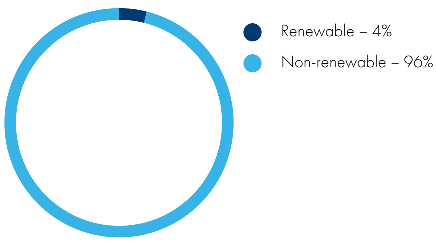
* Vehicles owned by our employees – the Company does not have any Company cars.

2021 ELECTRICITY USE

% by region

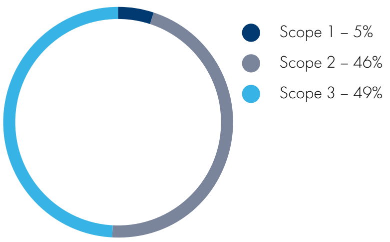


% renewable energy use



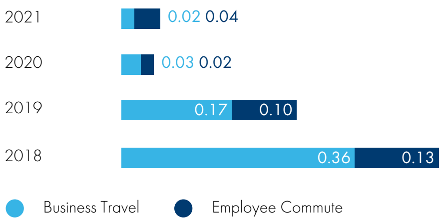
2021 GHG EMISSIONS

% by Scope



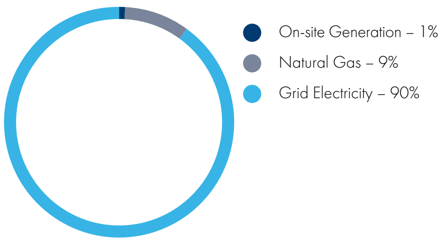
SCOPE 3 GHG EMISSIONS

Monthly average tCO_2e per capita



2021 TOTAL ENERGY

% by activity



GHG emission (% per Scope)	2018	2019	2020	2021
Scope 1	2	2	7	**5**
Scope 2	14	22	52	**46**
Scope 3	84	76	41	**49**

2021 *		Energy consumption and GHG emissions					
Region	Total annual electricity use (kWh)	Total electricity derived from renewable energy sources (kWh)	Total annual natural gas use (kWh)	On-site Electricity Generation (kWh)	Scope 2 – Electricity (tCO_2e)	Scope 1 – Natural gas (tCO_2e)	Scope 1 – Diesel (tCO_2e)
APAC	5,578,435	0	0	60,498	3,949	0.00	15.32
EUROPE	1,095,708	332,444	289,858	0	244	52.52	0.00
AMERICAS	997,058	23,754	530,708	0	369	96.18	0.00
MIDDLE EAST/AFRICA	433,094	0	0	31,680	195	0.00	8.02
TEMENOS	8,104,295	356,198	820,566	92,178	4,756	148.7	23.34

* Including offices and owned Data Centers.

Energy		2019	2020	2021
GRI 302-1	Total Energy Consumption (MWh)	9,163	9,125	**9,017**
SASB TC-SI-130a.1	Total Energy Consumption (GJ)	32,986.4	32,849.8	**32,461.4**
	Natural Gas Consumption (GJ)	1,501.5	2,476.4	**2,954.0**
	On-Site Electricity (GJ)	1,317.9	557.9	**331,84**
	Purchased Electricity (GJ)	30,167	29,815.5	**29,175.5**
GRI 302-4	Reduction of Total Energy Consumption (GJ)*		136.6	**525**
SASB TC-SI-130a.1	% of Total Energy Consumption that is Grid Electricity	91.4	90.8	**89.9**
SASB TC-SI-130a.1	% of Total Energy Consumption that is Renewable Energy	3.2	4.2	**4.0**

* Corresponds to reduction of absolute total energy consumption (base year: 2019). For more information on calculations, please refer to About this Report.

GHG Emissions (tCO_2e)		2018	2019	2020	2021
GRI 305-1	Scope 1: Natural Gas Consumption	0	78.1	135.6	**148.7**
GRI 305-1	Scope 1: On-site electricity Generation	607	304.4	41.7	**23.34**
GRI 305-1	Scope 1: Fugitive Emissions (HCFCs, HFCs, ODS)			529.1	**364.42**
GRI 305-1	Scope 1: Total	607	382.5	706.4	**536.46**
GRI 305-2	Scope 2: Purchased Electricity (location-based)	4,985	5,737.6	4,991	**4,756**
GRI 305-2	Scope 2: Purchased Electricity (market-based)				**4,732**
GRI 305-3	Scope 3: Employee Commute	7,620	6,655	1,465	**3,106**
GRI 305-3	Scope 3: Business Travel by Air*	21,443	11,527	2,492	**1,863**
GRI 305-3	Scope 3: Total	29,063	18,182	3,957	**4,969**
	Scope 1, 2 and 3: Total	34,655	24,302	9,654	**10,261**
	Emissions offset	21,442.5	14,587	1,287	

* Business travel by air data is provided by the travel agencies. Emissions are calculated based on the miles flown using one DEFRA emissions' factor due to Company policy change on traveling Economy class for environmental reasons.

	Normalized metrics (per capita*)	2017	2018	2019	2020	2021
GRI 302-3	Energy consumption (MWh)**	164	146	132	108	**108**
GRI 305-4	Scope 1 and 2 Emissions	0.105	0.095	0.088	0.067	**0.064**
GRI 305-4	Scope 3 Emissions	0.347	0.492	0.262	0.047	**0.060**
GRI 305-4	Scope 3 Emissions (Business Travel)		0.363	0.166	0.030	**0.023**
GRI 305-4	Scope 3 Emissions (Employee Commute)		0.129	0.096	0.017	**0.037**
	Water consumption (KL)		0.67	0.71	0.22	**0.17**
	Waste generation (t)		0.043	0.046	0.020	**0.017**

* Average monthly performance per average monthly headcount for the period December to November. For more information on the calculation, please refer to About this Report.
** Includes all types of energy (grid electricity, natural gas, on-site generation).

OPERATING RESPONSIBLY continued

Sources of water*		Volume in m^3
Purchased water	Municipality water	11,766.999
	Purchased water (non-potable)	1,173.904
Ground water	Ground water	630.210
Surface water	Surface water (River/Lake/Sea)	0
Harvested rain water	Rainwater collected and stored (water consumed from RWH tanks)	0
Recycled water		996.511
Total waste water discharge		12,574.602

* For more information on the calculations, please refer to About this Report.

Water

Climate change and a growing population are putting increasing pressure on the global water supply. We follow all legal requirements, standards and regulations related to water quality and quantity permits with zero incidents of non-compliance to report. Although we use water only as part of our offices' operations, Temenos recognizes the need to use water in a sustainable way focusing on water consumption, water efficiency and water protection from contamination.

Water Consumption: Since 2019, we are measuring and reporting on our water consumption at our offices. We are in the process of enhancing our data collection, in collaboration with the building owners, analyzing data and implementing efficiency measures. Globally, we have withdrawn and consumed 11,766,999 liters of municipality water, 1,173,904 liters of purchased non-potable water and 630,210 liters of ground water, representing 89.3% of the total Temenos population (excluding population working in serviced offices with less than ten employees). Using the WRI's Water Risk Atlas tool, Aqueduct, we have identified that 35.1% of our water use is withdrawn and consumed in locations with Extremely High (>80%), and 25.2% in locations with High (40-80%) Baseline Water Stress.

Water Efficiency:

- Our office in Chennai, KG 360° building, operates in an IT Business Park, where all wastewater is being treated in a sewage treatment plant (STP). It is then reused for toilet flushing and horticulture, in accordance with all legal requirements: Chennai Metropolitan Water Supply and Sewage Board and Chennai Metropolitan Development Authority. As a result, in 2021, we recycled 7.9% of treated domestic wastewater and managed to reduce the consumption of fresh water by 996,511 liters.
- To prevent unnecessary water use, we have fit water pedestal, tapping and motion sensor systems on water fixtures, and we follow a preventive maintenance schedule to fix dripping taps in our offices.

Water Protection: We have put in place several measures to prevent water pollution and protect marine and coastal ecosystems while preserving biodiversity:

- In locations where diesel generators are under our control, we have implemented Spill Prevention Plans, including specific training of responsible personnel, and the provision of spill kits, as well as adequate secondary containers in case of a spillage of diesel.
- We monitor the quality of the effluent from the Sewage Treatment Plant (STP) in Chennai, on a regular basis through accredited laboratories, preventing potential contamination of water and land, that would have resulted from untreated wastewater.
- To further minimize any adverse impact on the quality of the water we also opt for ecological detergents for the cleaning of our offices.

Water consumption per region	Volume in m^3
APAC	6,649.880
EUROPE	3,340.748
AMERICAS	1,594.052
MIDDLE EAST/AFRICA	989.922
Total water withdrawal (SASB TC-SI-130a.2) (GRI 303-3)	12,574.602

Water consumption profile*	Percentage (%)
% recycled water (SASB TC-SI-130a.2)	7.9
% water in regions with high baseline water stress (SASB TC-SI-130a.2)	25.2
% water in regions with extremely high baseline water stress (SASB TC-SI-130a.2)	35.1

Waste	Quantity (tn)
total waste generated	121.66
total waste diverted from disposal	91.17
total waste directed to disposal	30.49
Per category	
food waste (compost)	9.21
paper/carton/plastic/tin/(recycle)	72.47
domestic (landfill)	30.49
domestic (incinerated without energy recovery)	2.94
hazardous waste** (recycle)	1.40
hazardous waste** (incinerated without energy recovery)	0.03
e-waste (recycle)	5.12

* For more information on the calculations, please refer to About this Report.

** Hazardous waste is generated from operation and maintenance of diesel generators in India.

Waste and e-Waste

As an IT software company, due to the nature of our business, waste generation is limited and restricted primarily to municipal solid waste, as well as a reasonable amount of e-waste from our internal operations – from computers, printers, monitors and phones etc. Other waste includes a small proportion of regulated special waste (used batteries and lamps), and of hazardous waste generated from the use and maintenance of owned diesel generators in India. We have implemented a waste management and prevention program in all the ISO14001 certified offices, which is monitored through the Environmental Management System and being externally audited annually. Particularly in India, where 100% of our hazardous waste is being generated, we have implemented a hazardous waste disposal program to ensure that such waste will be disposed by authorized vendors, according to international guidelines and regulations.

Since all Temenos offices are located in large, leased office buildings with multi-occupancy, waste handling and disposal is handled by the building management companies, and hence not under Temenos control.

Although we do not handle our disposal, we have increased our focus on adopting a proactive approach to minimize landfill disposal by recycling. In the countries where such an option is available, we are collaborating directly with authorized vendors. Used IT equipment is cleaned of all data and software, and it is either donated to non-governmental organizations or disposed through an authorized and certified recycler, following local and international guidelines for disposal of electronic waste.

To enhance our efforts to reduce waste, we have designated environment champions, responsible to roll out environmental initiatives to our offices globally. These initiatives include segregation per waste category, recycling programs, buyback schemes of UPS batteries, environmental awareness campaigns to ban plastic and promote reuse and recycling, use of ID printers to minimize use of paper, training of employees on recycling and environmental volunteering activities and community service. Finally, as already mentioned, in all ISO14001 certified offices, we have set specific reduction targets to monitor the generation of total non-hazardous waste and of total waste directed to disposal.

CASE STUDY:

Waste Management and Prevention program

We have implemented a waste management and prevention program in all ISO14001 certified offices, which is monitored through the Environmental Management System and being externally audited annually. Particularly in India, where 100% of our hazardous waste is being generated, we have implemented a hazardous waste disposal program to ensure that such waste will be disposed by authorized vendors, according to international guidelines and regulations. Our offices in Luxembourg, Bertrange and in the UK, Fenchurch undergo additional external waste audits with the aim to identify opportunities to reuse, recycle, recover or eliminate the waste produced on site.

Employee environmental awareness

We are committed to promoting environmental awareness among our employees through training opportunities and voluntary environmental activities. We invest in our employees' environmental training and encourage them to integrate sustainable practices and adopt a sustainable lifestyle in their work as well in their everyday life to help minimize their environmental impact. We also encourage our employees to participate in voluntary opportunities to contribute. In addition, we recognize their contribution to address climate-related issues and environmental impacts inside and outside Temenos workplace through the GEM (Go the Extra Mile) quarterly Award or with the annual Temenosian Award.

Our strategy focuses on two pillars: Environmental Awareness Training and Environmental Voluntary Initiatives.

Environmental awareness training

As our EMS system is one of the main areas that Temenos Environmental Roadmap is structured around, we invest in the continuous education and development of our EMS Core Team members. In April 2021, we organized an EMS internal auditor training seminar, for all Temenos ISO14001 certified locations, facilitated by Bureau Veritas. All participants successfully received their EMS internal auditor certification and applied the newly acquired skills into the continuous improvement of our Global Environmental Management System. Temenos is committed to developing ISO 14001 certified internal auditors in every newly added ISO14001 office location.

In addition to our annual targeted ISO14001 environmental trainings provided to the EMS team members, in Q1 2021, we launched an annual mandatory training for the employees in all ISO14001 certified locations. This training is also available in our internal platform, as a voluntary training module for all Temenos employees. Our aim is to empower our employees through continuous environmental education.

Environmental voluntary initiatives

In order to educate ourselves through action and spread environmental awareness, we are organizing voluntary activities around the world, with the aim to encourage our employees to contribute to a greener, more sustainable future. Our latest Initiative is the Mission Earth Possible, a series of monthly environmental challenges, designed to increase awareness and promote personal responsibility by encouraging employees to take small, focused actions that will help change their own behavior – as well as the behavior of those around – and thus have a collectively positive impact on the environment.

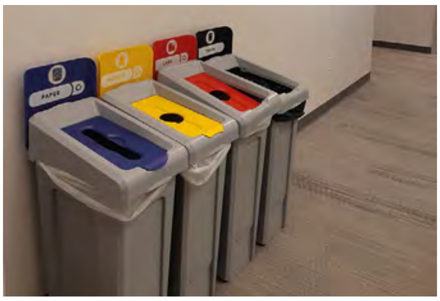
Beach clean-up activities

To celebrate Earth Day, on 22 April 2022, our Miami team joined Debris Free Oceans organization for the neighborhood spring-cleaning and collected around 120 pounds of garbage in Wynwood.

Another beach clean-up was organized by the Australian team in Sydney, Manly and Canberra, supporting Clean Up Australia Ltd, to honor the 2021 World Environment Day. The team cleaned up beaches and parks near our offices, gathering a total of 16 bags of garbage waste.

Plastic Free Month

In August 2021, our offices in LATAM participated in the Plastic Free Month challenge, joining 326 million people globally. In addition, Miami and Costa Rica offices removed all individual office bins and introduced designated recycling areas.



Ecosystem Restoration Virtual Family Event

Temenos celebrated the World Environment Day 2021, by teaching our future generation the ancient technique of seed ball making. It was a virtual family event, in the context of the Temenos Green Initiative in India, with more than 20 participants along with their family members.

Temenos Lighting Up Webinar

On 26 October 2021, Temenos hosted a live webinar in partnership with Solar Buddy, an Australian charity uniting a global community with a big dream to gift 6 million solar lights to children living in energy poverty by 2030, to help them study after dusk and improve their education outcomes. During the webinar, our guest presenters from Microsoft, MyState Bank and Virgin Money Australia, spoke about their digital innovation and collaboration with Temenos. All guests and participants received a toolkit to assemble 46 solar lights, which were distributed to children in energy-poor areas throughout the world, positively impacting the lives of more than 230 people.

OPERATING RESPONSIBLY continued

5 months - 5 challenges

285,840 hrs dedicated to complete the **5 challenges**

1st Global Temenos Employee Event

Participants from all Temenos regions

397 Missions completed

7940 kg of CO_2 will be offset every year

When the 397 trees planted via Grow-Trees Social Enterprise are mature

7 employees won the **Mission Earth Possible Ambassador title**

36 winners

1.1 ton of CO_2 emissions were saved from 4375GB deleted

128 employees managed to reduce their electricity consumption

127 employees managed to reduce their waste

122 employees adopted a plant-based diet

119 employees managed to reduce their distance traveled

CASE STUDY:

Mission Earth Possible "First Global CSR Event"

In July 2021, we launched, for the first time, a global CSR challenge: the Mission Earth Possible, a series of monthly environmental challenges designed to increase awareness and inspire action, engaging Temenosians from all our offices globally. Over the course of five months, employees from every region made a concerted effort to be more responsible and have a positive impact on the world around us. They got engaged in a digital clean-up, reduced their electricity consumption, adopted a more plant-based diet, drove less, flew less, bought less and wasted less. To show our appreciation, we have planted 397 trees, one for every mission completed through our Grow-Trees Initiative. As a result, 1.1 tCO_2e were saved from 4,375GB deleted and 7,940 $kgCO_2e$ will be potentially offset every year, when the planted trees mature.

CASE STUDY:

The Temenos Forest in Romania

Temenos collaborated in 2021 with Plantăm fapte bune in Romania for the national afforestation initiative of 'Planting good deeds in Romania', a broad national afforestation initiative. The project will identify a 5ha, desertified land, at risk of slipping, or with degraded soil, to create the Temenos Forest. The tree planting will begin in 2022 with 10,000 trees and will continue throughout 2023-2024, by increasing the forested area and caring for the already planted trees. The selected species were based on a soil chemical analysis and a technical planting project. The kickoff is planned for March 2022, with a planting event involving Temenos volunteers.

CASE STUDY:

Temenos Tree Planting program, Grow-Trees Initiative

Temenos, together with Grow-Trees, has launched a project to exclusively plant trees in areas in India, where two of our offices are located:

25,000 trees for Biodiversity in Theni-Dindigul, Tamil Nadu, India and 10,000 trees for Villagers in Khamam, Telangana, India. Grow-Trees is a social enterprise that helps tackle the climate crisis, improve biodiversity and provide employment for villagers in India. Planting trees has both social and environmental benefits:

- Supports the local communities in India by providing employment for villagers (critical need during Covid-19) and by providing the communities with fruit bearing trees and other non-timber forest produce
- Improves the biodiversity and enhances the habitat for local wildlife
- As trees grow, they absorb and sink the carbon that would otherwise contribute to global warming.

The trees are adopted by Temenos and eTree Certificates for each tree planted were sent to employees, partners as well as Temenos corporate event participants, to be able to monitor the progress of the adopted tree. The initiative was launched in the Money 20/20 event, in the UK and was part of the event SCALE 2021 online platform too.

MAKING THE **DIFFERENCE**

HIGHLIGHTS

8,661
Employees

62
Offices

39
Countries

82
Nationalities

47%
Females under 30

5
Great Place to Work recognitions

We believe our people are the key, as they make things happen and define our destiny. Our people are the most important and valuable Company asset constituting the Temenos culture and helping the Company reach its business targets and bring exceptional value to our stakeholders. Temenos aims to create an open, fair, equal opportunity and honest work environment where all employees are treated with respect and courtesy in an inclusive, productive and safe work environment. All employees and contractors are responsible for upholding this principle and work towards making Temenos a great place to work. Our commitments to communicate openly and respectfully with each other, to provide for diversity and equal employment opportunity at all levels of our organization and to protect the health and safety of our employees are an integral part of the Temenos Business Code of Conduct.

Our Human Resources (HR) team is organized globally as well as across regions and countries to cater to the needs of our people at local, regional and global level, with policies in place attuned to global as well as local conditions. The team includes groups focused on HR operations, employee experience, business partnering, compensation and benefits, mobility, data and systems, talent and development, talent acquisition and executive search, HR communication and employer branding. Temenos HR policies serve as the overall strategic direction and a clear point of contact and support on HR issues for our employees and operations globally.

At the end of 2021, Temenos employed 8,661 people worldwide, including both full-time employees, business partners and contractors of Temenos. Our partnerships increasingly allow us to deliver a complete range of implementation and support services to our clients and complement our growth strategies. Most of our employees work as full-time, permanent employees. In 2021, we had 63 part-time employees (41 women and 22 men) and five fixed-term employees (two women and three men). All employee benefits are provided to full-time as well as temporary or part-time employees based on the requirements mandated by the laws in the countries where we operate and the locations where we recruit.

Human Rights

Temenos is committed to operating responsibly and establishing high ethical standards across our Company and in our supply chain. This commitment includes the promotion of and respect for Human Rights as recognized in international human rights standards. As a UN Global Compact participant, we respect and support the values of the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work by integrating human rights considerations into our business operations. We respect government policies in the countries where we operate, while seeking ways to honor these global principles. We conduct regular audits to check internal compliance with these standards.

As defined in the UN Guiding Principles on Business and Human Rights (UNGP), we are committed to respecting as well as promoting and advancing human rights within our organization. We are committed to avoiding causing or contributing to adverse human rights impacts through our own activities and seeking to prevent and mitigate adverse human rights impacts that are directly linked to our operations, products or services by our business relationships, even if they have not contributed to those impacts. Our Human Rights commitment is an integral part of our Business Code of Conduct, mandatory related training, ethical business conduct program, as well as the Supplier Code of Conduct and supplier performance and risk assessment processes of our Global Procurement policy and procedure. It clearly outlines the requirements for our own operations (employees, direct activities, products or services), for our suppliers and partners, as well as the actions and procedures we undertake to meet our commitment. We expect our employees, partners, suppliers and clients to share this commitment to ensure that IT and our business respects and promotes human rights.

Temenos has developed a due diligence process to proactively and systematically identify potential issues relating to respecting human rights issues and where they could occur in our own operations, our value chain or activities related to our business and managing them. Our cross-functional Human Rights Working Group oversees our human rights strategy, helping to coordinate our efforts to identify and mitigate human rights risks in our own operations and our value chain. The results of these efforts, as well as those taken by the CSR and Sustainability team, are shared with the CSR and Ethics Committee, the Executive Committee and the Board of Directors.

In 2021, we renewed our compliance with the UK Modern Slavery Act by issuing a Slavery and Human Trafficking Statement where we outlined Temenos' policies and procedures related to fair labor standards and respect for human rights throughout our operations and supply chain, while describing our efforts to address modern slavery. In addition, we have addressed our own as well as our suppliers' impact on human rights in our Business Code of Conduct and related training, Supplier Code of Conduct as well as our supplier performance and risk assessment processes of our Global Procurement policy and procedure.

Quick links

Diversity, inclusion and equal opportunity
Temenos is a truly global and diverse team of 82 nationalities in 62 offices across 39 countries. Our differences are our strengths. We are diverse and inclusive, while at the same time, we reflect our diverse client community of over 3,000 banks in 150 countries. Diversity, Equity and Inclusion (DEI) are at the core of our vision, mission, and values, how we operate, innovate, engage with our employees, clients, partners, suppliers and local communities. Over the years, we have continuously evolved our strategy, adapted to the new and changing global environment and aligned to new ways of thinking about diversity and inclusion. Our objectives include:

- To ensure that all stages of the employee lifecycle are inclusive, focusing on advancing diverse talent into executive, management, technical and revenue-generating roles.
- To have executive oversight and accountability for the inclusive organization. Accountability starts with our executive leadership, supported by the HR function and employee resource-groups.
- To commit to openness and transparency, by monitoring the effectiveness of our strategy through the Temenos diversity dashboard, internal surveys, diversity-related reporting and data-driven targets.
- To celebrate our diversity story by recognizing those who are living up to that standard and foster belonging by promoting practices and awareness through learning and communication.
- To uphold a zero-tolerance policy for discriminatory behavior, such as bullying, harassment and bias and actively help managers and staff to identify and address microaggressions.

We take pride in ourselves for continuing to build our diverse workforce at all levels in Temenos from 82 nationalities. We are committed to attracting, developing, promoting and retaining our diverse Temenos community to provide product and service excellence in a global marketplace to a diverse client community. At the same time, we are committed to creating an inclusive work environment that encourages diversity of thought, culture and background and all employees can contribute their unique knowledge and experience to make a real impact on the world around us.

Diversity and inclusion principles are embedded into our Temenosity culture and business practices: from our hiring processes to the development of our people, as well as to the way we recognize outstanding talent and communicate the importance of diversity and inclusion with our people. Through such diversity, we have a dynamic work environment in which we continue to gather a wealth of knowledge that contributes to our innovation and commercial success.

Our business philosophy as well as our organizational structure are based on cultural diversity, as we operate using a matrix of regional and global business functions. We encourage decentralized work processes and co-operation between our people across countries and regions or anywhere in the world when traveling, while maintaining a central processes approach on core activities and decision-making.

Temenos was founded on the diversity model. Our people come from a diverse pool of countries and regions and share skills, resources and support across geographies to promote synergy and learning across the organization, enhancing our reputation as a global but – at the same time – local Company, and ensuring we are best positioned to meet the needs of our clients.

In addition, thanks to the diversity model we support, Temenos' software has multiple country model platforms, tailored to the individual language, currency, regulatory and reporting requirements of each country. This enables our software to be seamlessly integrated into banks around the world, adding incremental value from the very beginning of each project.

Accelerating our diversity journey forward
The technology industry, among others, faces a gender diversity problem. As a global Company with presence in many countries, we are committed to advancing gender diversity in our operations, value chain, and community investment programs. As part of our diversity and inclusion strategy, we are actively recruiting and retaining qualified women, while supporting them in their career development, with the aim of achieving an equal representation of male and female employees in our Company. The principles and goals of the Universal Declaration of Human Rights are at the center of our diversity initiatives.

Global studies in 2016 showed that less than 25% of IT jobs in developed countries were held by women. That figure was about the same in 2015. Gender imbalance in IT has been recognized as an issue since at least 2005. Deloitte Global predicted that large global technology firms, on average, will reach nearly 33% overall female representation in their workforces in 2022, up slightly more than 2 percentage points from 2019. The proportion of women in technical roles would also go up, though it has tended to lag the overall proportion of women by about 8 percentage points. According to a 2019 report on Women in Technology from IDC, the percentage of women in senior leadership positions grew from 21% to 24% between 2018 and 2019.

According to the latest Global Gender Gap Report 2021 by the World Economic Forum, gender gaps are more likely in fields that require disruptive technical skills – in particular, cloud computing, where women make up just 14% of the workforce; Engineering, where women make up 20% of the workforce; and Data and AI, where women make up 32% of the workforce. Representative examples of roles in those job clusters include Full Stack Developers, Data Engineers and Cloud Engineers. Although the STEM workforce (science, technology, engineering and math) has grown rapidly in recent decades, the share of women is uneven across STEM job types. According to a new Pew Research Center analysis of U.S. government data, women remain underrepresented in engineering (15%) and computer (25%) occupations.

And this is still linked to sectors and skills traditionally associated with men. So, the interventions have to start from school all the way up to women's career development. Despite successfully completing their studies in a technology-related field, most women end up not following a career path in technology. In school, STEM subjects – science, technology, engineering and mathematics – tend to be marketed heavily towards boys rather than girls, according to European Women in Tech.

At Temenos, the female representation in STEM-related positions is at 35% (as of end of 2021). We have developed a strategy to attract and retain women in STEM-related roles, focusing on the following directions:

- Through our detailed Diversity dashboard, we monitor closely and understand gender diversity in our Company
- Based on the insights and coupled with the Company's business directions, we draft diversity policies internally, focusing on five areas: Recruitment, Retention, Pay, Advancement and Representation, for a more gender balanced work environment
- We work with schools and universities to fund girls through targeted scholarships to study STEM and motivate them to eventually join the tech industry.
- We also provide job opportunities to build work experiences, internships and mentoring programs that would encourage women towards tech after graduation.
- We walk the talk and lead by example, by showcasing women in managerial positions as Temenos female role models, offering women the opportunity to progress and succeed in senior roles.

Our targets at a glance: to have a consistent increase of at least 1% across all areas shown below

Objective	Indicator	2020 %	2021 * %	2025 target %
Gender diversity	Women in the Temenos total headcount	34	35	36
	Women in all management positions, including junior, middle and senior management (as % of total management workforce)	26	33	
	Women in junior management positions, i.e. first level of management (as % of total junior management positions)	33	41	
	Women in top management positions, one level away from the CEO or comparable positions (as a % of total top management positions)	43	40	
	Women in top management positions, two levels away from the CEO or comparable positions (as a % of total top management positions)	29	30	
	Women in management positions in revenue-generating functions (e.g. sales) as a % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	28	28	
	Women in STEM-related positions (as % of total STEM positions)	34	35	

* Includes the impact of the integration of the 2019 acquired companies.

INVESTING IN OUR PEOPLE continued

Despite women being disproportionately affected by the pandemic, as global studies suggest, we have managed to keep female representation on an upward trajectory. At the Company level, the female representation in the total Temenos headcount is at 35% (as of end of 2021). As we already had a flexible `work from anywhere' workplace, we were better prepared to adapt to remote work and flexible work models that benefited the diverse Temenos work model when the pandemic began.

We have focused as early as 2014 on gender diversity in the IT workplace and have invested in an equal opportunity environment for both men and women. Our CEO has the executive oversight for diversity issues throughout the Company, signaling the importance of gender diversity and leading by example. Our interventions are focusing on five areas: Recruitment, Retention, Pay, Advancement and Representation. Our global, regional and local HR teams use quarterly analysis to identify and address challenges, reviewing gender balance and discussing key initiatives to increase the proportion of female employees. The CSR and Ethics Committee is updated regularly on progress and approves the directions.

Achieving gender equality in the workplace, at all levels, remains a significant challenge for most businesses. We understand that change takes time, particularly for the initiatives that encourage women to choose a career in IT, which will ultimately improve gender diversity. We are committed to communicating internally and externally the importance as well as the benefits of gender diversity, designing targeted interventions and monitoring progress over time.

Setting diversity targets

We are committed to increasing gender diversity globally at Temenos to 36%, by 2025 and 40%, by 2030, as well as to increase racial diversity in the US to 40% by 2025. And we are extremely satisfied to see that with our diversity strategy put in place as early as 2014, today we have almost reached our target. Our gender diversity globally by the end of 2021 was at 35%. See page 96 for our diversity dashboard.

On the governance side, we are committed to 30% female representation on our Board by 2025 and planning to incorporate ESG targets into executive compensation soon. Based on the latest Board nominations, we will reach our 30% target by our next Annual General Shareholders' meeting in May. More information on our 2021 Board of Directors structure can be found in the Annual Report: Governance section and on the corporate website www.temenos.com.

Achievements:

- Temenos Named in 2022 Bloomberg Gender-Equality Index
- Award in Luxembourg by the Ministry for Equality between Women and Men for 'Gender Equality'
- Award in India for our India CSR program, Adopt-iT that builds computer labs and girls' restrooms in India, promoting gender equality and access to inclusive education for all.

2022 Goals

- To become a preferred employer for women globally (by 2025)
- To target international standards and business benchmarks relevant to gender diversity.

CASE STUDY:

Temenos Named in 2022 Bloomberg Gender-Equality Index

Inclusion in the index reflects Temenos' commitment to gender equality in the workplace, notably encouraging more young women to choose a career in the IT industry and the advancement and representation of women in senior management positions. In 2021, 35% of the Temenos global workforce identify as women, 10% higher than the average in the IT industry in terms of male to female ratios. In addition, the Company's global community investment programs include Temenos CSR India Adopt-iT, focused on encouraging gender equality and inclusive education for high school girls and extended to support young women in India to pursue STEM studies at University. Through its Kenya CSR program, Temenos also aims to enhance the financial literacy of local communities and improve access for women to financial services through community self-help groups of trainee entrepreneurs.

Temenos achieved a perfect 100% disclosure score, compared to 95.35% average for the technology sector, while the Temenos overall GEI score was 72.64%, 3% higher than the Technology sector average.

Kalliopi Chioti, Chief ESG Officer, Temenos, commented:

"Temenos is a truly global, diverse and inclusive company. To be recognized in this global benchmark index highlights our strong commitment to gender-related data transparency and reporting. It also shows to our stakeholders how we are contributing to a global, diverse, inclusive and sustainable world of banking that creates opportunities for everyone."

The Bloomberg GEI is a modified market capitalization-weighted index that aims to track the performance of public companies committed to transparency in gender-data reporting. It measures gender equality across five pillars: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and pro-women brand. Member companies represent a variety of sectors, including financials, technology and utilities, which collectively have the highest company representation in the index.

SETTING DIVERSITY TARGETS

Employees

36% **gender diversity** by 2025: **globally**

40% **gender diversity** by 2030: **globally**

40% **racial diversity** by 2025: **in the US**

Governance

30% **gender diversity** in the Board by 2025

ESG target in Executive compensation (planned)

Objective	Indicator	2014	2020	2021	2025 target
Gender diversity	Percentage of women in the Temenos total headcount	22%	34%	35%	36%

Empowering our people

All employees have a role to play in building and maintaining a diverse and inclusive culture. Our employees by sharing their backgrounds, interests or concerns, they can connect, embrace their differences and make them forces for positive social and cultural change. By forming employee-led and run groups, they ensure that Temenos is a 'safe' place, where everyone can bring their true selves to work every day and work to leverage our diversity as a catalyst for innovation.

Women@Temenos

We are committed to increasing the representation of women in Temenos at all levels, functions and locations, as well as to creating a strong network among women to support and help one another to develop across the organization. An active Women@Temenos network of 300+ women ambassadors provides the framework for exchange, collaboration and raising awareness globally, while at the same time acting locally. The objective of Women@Temenos is to raise awareness and ultimately increase the proportion of women across the organization by:

- Sharing best practices on how to create an inclusive business environment
- Networking internally and externally
- Attracting more women in the technology sector and to Temenos
- Coaching, mentoring and helping one another and developing women leaders at all levels
- Discussing challenges facing women in the workplace
- Sharing women's achievements with visible support from our senior leadership
- Having fun in a great place to work.

Some of the activities that are organized annually by Women@Temenos include:

- Celebrating: Annual week-long celebrations for International Women's Day across all Temenos offices
- Prevention of Bias and Harassment: In India, we conduct annual awareness and anti-bias sessions by qualified trainers on prevention of sexual harassment
- Community: Working on driving women's activities with professional as well as local communities outside Temenos
- Mentoring: A mentoring platform that allows training, role-modeling and mentoring sessions across women in Temenos
- Raising Awareness: An online blog of inspirational stories of successful women at Temenos, sharing stories and inspiring career journeys of successful women inside Temenos as well as in the banking industry.

REACH: Our community of inclusion

The REACH (Race, Ethnicity And Cultural Heritage) Employee Resource Group started as a working group in early 2020. During the Covid-19 pandemic, as global uprising for social equality and justice sparked, a group of employees decided to meet weekly to show solidarity for colleagues from affected underrepresented communities in a safe space. The discussions were valuable for learning other perspectives and allowed people to feel heard. Practicing respect for freedom of expression, the REACH members built great team harmony and maturity to embark on open source culture change by applying design thinking. The safe space to talk openly about the topic of race and ethnicity, both inside and outside of the workplace enabled the REACH group to create awareness on DEI matters and increase the dialogue on racial diversity within our own community in Temenos. The working group is diverse with colleagues from different backgrounds and cross-functional areas. REACH organized and supported multiple local and global DEI calendar events such as – Black History Month in UK, European Diversity Month and our first ever PRIDE at Temenos. The community members spoke to several other colleagues about the activities who then joined to actively participate and support as allies, which led us to achieve the initial executive sponsorship and support from our three inspiring leaders – the Chief Marketing Officer, Chief ESG Officer and Chief People Officer.

The REACH group acted upon four principles: awareness, respect, education, empathy, discussing on how they can empower others to have difficult conversations and speak up against any inequities. This includes exploring the skills, tactics and language that should be used empathically whilst dealing with challenging situations to practice anti-discrimination. In the REACH group's bi-weekly meetings, the group:

- Shares thoughts, feelings, stories and any external research on racial, ethnic and cultural diversity
- Learns about different DEI topics through bite-size learning
- Brainstorms and plans initiatives to promote and foster racial and ethnic diversity within Temenos.

Focus on employee experience and internal design with equality at the center

Temenos aims at offering a unique Temenos employee experience, irrespective of gender, race, disability, age, and personal circumstances. We are learning from the data we gather and monitor, the insights from internal surveys, as well as what our employees are telling us about their Temenos experience, gather input from external benchmarks and our industry, in order to understand our gaps and design the best way forward.

Elimination of discrimination and prevention of harassment

Temenos is proud of the diversity of its people and believes in an equal employment opportunity for all. The work environment at Temenos is free of any type of harassment based on race, religion, national origin, ethnicity, color, gender, age, marital status, sexual orientation, gender identity or disability or any other personal traits or characteristics that are not work-related. Any behavior contrary to this principle will not be tolerated.

This forms a part of our Business Code of Conduct, which is publicly available and all employees have to read and acknowledge when joining the Company and annually after that. All employees are required to complete anti-harassment training annually, as part of the Business Code of Conduct mandatory training. Through the respective communication channels, as communicated in the Code as well as through our HR department, employees are encouraged to report any concern of discrimination and harassment. Any retaliation with regard to any such report is strictly forbidden. In case a concern is raised or detected, an internal independent investigation will be launched as quickly as possible, which will be conducted carefully and with full discretion, and any corrective or punitive action taken if appropriate, will be subsequently reported directly to the Board. Our anti-discrimination and anti-harassment policies apply to employees and contractors, as well as suppliers, partners and clients.

Freedom of expression and privacy

We believe that access to information technology can support greater freedom of expression, which in turn depends upon the right to privacy if it is to be exercised effectively. We respect people's right to freedom of expression and their right to freedom from arbitrary and unlawful interference with privacy online. We ensure this through our Code and the respective Privacy policies.

Against forced and child labor

At Temenos, we condemn forced or compulsory labor practices. We comply fully with local minimum age laws and requirements and do not employ children. We ensure this through our global and local HR and recruitment policies.

Freedom of association and collective bargaining

As stated in our Business Code of Conduct, we respect the right of our employees to join or not to join trade unions or similar external representative organizations as defined in the ILO Declaration on Fundamental Principles and Rights at Work, while we engage in a constructive dialogue with employee representatives. Local employment laws and practices, collective bargaining agreements and individual contract terms are followed. Where mandated by local law, we have 100% employees covered by collective bargaining agreements.

We provide policies and communication channels for hearing and addressing the concerns of our employees and resolving their issues in an open, fair and transparent manner. Freedom of association and collective bargaining is a fundamental principle, which is respected and valued by the Company for all of its employees. We are committed to having a constructive and efficient collaboration with trade unions and other employee representatives. We comply with all relevant collective bargaining agreements in countries where we operate. We follow as a minimum the local law requirement; we also require subcontractors to comply with all relevant collective bargaining agreements and to provide documentation of compliance. The percentage of Temenos employees covered by collective bargaining agreements may be seen below.

In France, Germany and Luxembourg, employees maintain work councils and health and safety committees. The local HR departments work as an enabler to make sure that all agreements are followed through as agreed.

Country	No. of employees covered under collective bargaining agreements	%
Brazil	11	0.14%
France	57	0.75%
Spain	25	0.33%
Romania	250	3.29%
Total no. of employees	343	
Percentage		**4.51%**

INVESTING IN OUR PEOPLE continued

CASE STUDY:

2021 Key highlights

International Women's Day

On 8 March, Temenos celebrated, once again, the achievements of women while also extending a call to action for the advancement of women's rights. This year's theme, "Women in Leadership: Achieving an Equal Future in a Covid-19 World," encouraged employees around the world to gather and celebrate with internal activities, including conversations, career counseling, mentorship opportunities, and even fitness and meditation courses. Temenos India commemorated International Women's Day with a three-day event featuring speakers from all walks of life, including a TEDx motivational speaker and cancer survivor, a woman Engineer and R&D manager, and a final discussion with various Indian leaders, who discussed the challenges and opportunities faced by women in the workplace. Globally, Temenosians took pictures while striking the #ChooseToChallenge pose to call out gender bias and inequity and to motivate others to spread the message of gender equality.

International Men's Day

In celebration of International Men's Day on 19 November, Temenos launched a social media awareness campaign. The campaign's goal was to increase awareness of health and wellness issues, as well as to recognize and appreciate their contributions to Temenos. Furthermore, webinars such as "Men leading by example" were held throughout the offices, with the goal of improving gender relations and promoting gender equality for men and women.

Women's Equality Day

Temenosians across the world celebrated Women's Equality Day on 26 August, in recognition of the accomplishments and developments achieved by women in various fields. Temenos commemorated Women's Equality Day by holding special events, creating, and promoting awareness videos and engaging in other initiatives to draw attention to the continuous efforts of women to achieve complete equality in the work environment.

International Father's Day

Father's Day was celebrated on the third Sunday in June 2021 though the involvement of Temenos Miami fathers in a volunteer activity with Feeding South Florida, where they aided in the assessment and sorting of 12,350 lbs. of food products, which amounted to 10,290 meals.

Friendship Day

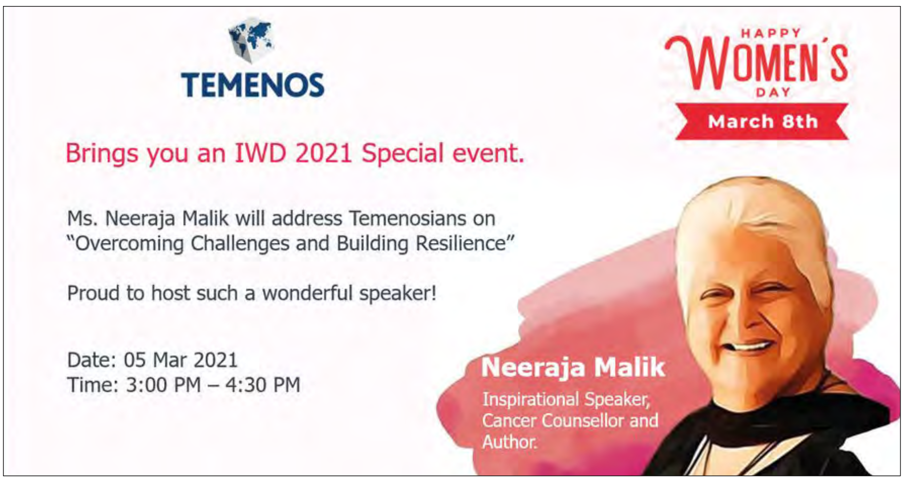
We value our relationships in the workplace and thanks to social media, we continue celebrating with our friends no matter where they are on the globe. The workplace is where we spend most of our day, so we marked this year's Friendship Day with internal events, including office events and outdoors' activities.

Pride Month

In June 2021, Temenos expressed its strong support for our LGBTQ+ employees and was proud to be part of a worldwide community that highlights its commitment to equality as well as a safe and friendly workplace environment for all. To promote our "Be You. Be Free. Be Forever Proud." campaign, our rainbow Temenos logo was prominently displayed on all digital channels during Pride Month 2021. To ensure that our culture of "everyday inclusion" continued throughout in 2021, Temenosians from across the world pledged to continue learning about LGBTQ+ PRIDE history, gender identity, and LGBTQ+ terminology, and practice workplace inclusion to make a difference for the LGBTQ+ community.

Black history month – UK and Europe

Every October, the UK employees celebrate Black History Month. Although this is dedicated to a specific month, the ideals behind this celebration are at the center of all activities that our REACH (Race, Ethnicity, and Cultural Heritage) affinity group and allies support. The theme for this year's celebration was "Proud to Be," and in the UK, we invited people to share their sense of pride and achievements. People also shared how proud they are to be allied with this community too. A comprehensive e-book with an interesting history and ways in which people could celebrate the event was shared with all, with the aim of bringing people together. The REACH group enabled open conversations to address ethnic and racial topics inside and outside of the Temenos community, encouraging them to learn and achieve more inclusion and diversity.



Equal pay and gender pay parity

As part of our diversity and inclusion plan, we have a commitment to transparency and constant improvement, as it relates to equal pay for equal work. We evaluate pay on an annual basis to address any gaps among the 39 different countries we operate, based on a number of factors, including skill, tenure, gender and race. Every year we conduct an internal pay audit in order to continue to improve our internal process. As a high growth company in the Technology sector, we continue to expand the business through new business directions, such as cloud, which require new skillset, increased recruitment and/or training and acquisitions. Temenos currently has a gender pay gap of around 39% similar to other software companies, since the number of females as percentage of total employees reduces as the seniority increases. Temenos publishes the UK Gender Pay Gap Report which analyzes the difference between the average (mean or median) earnings of men and women across our UK operations. We constantly monitor salary by country, role and band for internal equity and aiming at improving the gender pay gap through transparent and effective action plans.

KPI Description	Rate
Percent women of top pay quartile	24%
Percent women of upper middle pay quartile	30%
Percent women of lower middle pay quartile	42%
Percent women of lower pay quartile	46%
Global mean gender pay gap	39%

CASE STUDY:

MEGA award

We were honored to receive recognition in Luxembourg by the Ministry for Equality between Women and Men (MEGA), recognizing our efforts towards gender equality. This award follows our participation in a program called Actions Positive, encouraging companies to be more inclusive, and a rigorous external audit by the Ministry. We are very proud to show a 0.4% pay gap in Temenos Luxembourg between women and men, in a country like Luxembourg, where the overall gap is 1.5%.

Inclusive culture

To accelerate representation and improve experience for everyone, we have re-imagined our policies, benefits, and leave programs that contribute to an inclusive work environment where all employees feel they are valued and have equal opportunities.

Supporting our employees as their families grow

We want to support and encourage our employees to celebrate some of the big milestones in their family life. So, we have extended our benefits' policies to include paid leave for marriages and civil partnerships. We have also increased the period of paid maternity and paternity leave for new mothers and fathers, while kicking off a new program to allow new parents to return to work gradually. All Temenos employees are entitled to parental leave.

Employees on maternity leave in 2020	170
Employees who returned to work after parental leave ended	129
Employees who returned to work after maternity leave ended and were still employed 12 months after their return to work	100
Return to work rate of employees on maternity leave	88.4%
Retention rate of employees on maternity leave	77.5%

- **Enhancements to our maternity policy:** Minimum paid maternity leave will now comprise 20 calendar weeks at full pay, with no minimum tenure required. We will allow a gradual return to work (from the date the employee decides to return), starting at three days per week for the first month, four days per week for the second month and returning to five days per week from the third month onwards, unless the employee is returning part-time. These changes apply to all mothers, including adoptive and foster mothers. Foster mothers will have access to a maximum of 20 calendar weeks at full pay per year.
- **Enhancements to our paternity policy:** Minimum paid paternity leave will now comprise two calendar weeks at full pay, with no minimum tenure required. We will also allow a gradual return to work for new fathers, starting at four days per week for the first month after their return, and returning to five days from the second month onwards. These changes apply to all fathers, including adoptive and foster fathers. Foster fathers will have access to a maximum of four calendar weeks per year at full pay (two weeks per child).
- **Enhancements to our marriage and civil partnership leave allowance:** We will grant one week of paid leave for marriages and civil partnerships.

Giving time when our family needs us most

We appreciate that there will be times when our employees' personal needs and those of their families far outweigh the demands of their work life. So, we have extended our family care leave policy to support them to take time off when either they or their family needs it the most. We will support our people to take up to four weeks of paid family care leave, in the case of bereavement or critical illness of their immediate dependent (spouse or child). This leave will also be available to mothers following a miscarriage or abortion.

Supporting professional development

Supporting our employees in developing their professional skills and advancing towards their career goals is critical to Temenos. We understand that it can be challenging to find time to dedicate to this, while managing the demands of their day-to-day work. This is why we are introducing personal development leave to support them in their current role and help them gain the skills they need to grow. Two weeks' paid leave each year can be granted for study or personal development related to our employees' current role. This includes higher education and any relevant skill-based courses.

Rewarding for attracting new talent

We believe that our people as the most effective recruiters. We encourage our employees to invite new talent into our business through their personal network. So, we have enhanced our referral award policy to receive a monetary reward between USD 500-8,000 for referring a new Temenosian. The value of the reward will vary depending on the candidate's band and location, as specified in our Referral Award policy. We have also reduced the time scale for payment to one month tenure of the new recruit.

Introducing the hybrid work model

Our business philosophy as well as our organizational structure are based on cultural diversity, as we operate using a matrix of regional and global business functions in 39 countries. We encourage work processes and co-operation between our people across countries and regions or anywhere in the world when delivering to our clients. So, Temenos has always been supporting and investing in the 'work from anywhere' model.

That is why moving to remote working mode during the Covid-19 office closures was easy to implement. Listening to the feedback we get from our employees in relation to flexibility of working from home and the positive impact on the work-life balance, while at the same time thinking about ways to reduce the carbon from employee commute and business travel, we enhanced our 'work from home' model, by introducing the Hybrid Work model globally, with the option to work from home up to two days per week for all permanent Temenos employees.

The flexibility of working from home can enhance work-life balance. At the same time, we believe that we are stronger together at Temenos. Working from the office supports our ability to collaborate, build connections and learn from each other. The hybrid working model we introduced in 2021 is designed to bring the best of both worlds. In addition, it is a major step towards creating a more inclusive organization, as the "ability to travel daily to an office" is not the most important qualification for employment.

Supporting global mobility

As a software company, we rely heavily on our people to conduct our business. International mobility forms an integral part of our service delivery to clients and our strategic plans for growth. Temenos supports international to any of the 39 different countries we operate, by having a Global Mobility policy in place and a dedicated team to manage all relocation aspects for our existing and prospective employees.

Promoting health and wellness

At Temenos we are committed to supporting our employees' wellbeing and creating a healthy and safe work environment that helps employees maximize their physical and social wellness. The significance of health and wellness focus at work became even more important for our people, as we faced global challenges due to Covid-19. In 2021, we continued to raise awareness on mental, physical and financial health, while enabling learning and allyship efforts by Mental Health First Aiders (MHFA).

Temenos global as well as local HR policies serve as the overall strategic direction and a clear point of contact and support on health and wellness issues for our employees and operations globally. We also encourage our employees to design actions and build groups on their own initiative that are tailored to their personal interests, time and work-life balance. These policies indicatively include:

- Hybrid work model, in order to balance work and personal life
- International travel and medical insurance, including health screening
- On-site and online team bonding and recreation opportunities
- On-site recreational rooms and stress management programs
- Energy corners with healthy office snacks
- Learning and development programs focusing on mental health and wellbeing at work
- Multiple channels of internal communication and engagement with our employees across countries and at all levels
- Recognition of their work and contribution, opportunities to learn more about Temenos and spend time with the leadership team
- Employee engagement in community service and on-site and online volunteering projects.

INVESTING IN OUR PEOPLE continued

We believe that supporting the health, wellness and happiness of our employees is crucial to the future success of Temenos. That is why we will continue to make improvements to the employee experience. We are reviewing annually the feedback we get from our internal Employee Engagement Survey and will keep listening to the feedback we gather at our live events, and in our one-to-one conversations with our employees. We want to ensure that the Temenos employee experience is a positive one.

2021 Key highlights

Employee Assistance Program

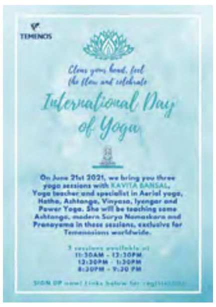
Employee Assistance programs (EAPs) are provided in India, Australia, the US, Canada, and the UK, as part of our commitment to employee well-being worldwide. Providing personal services as part of a benefit program allows employees to deal with personal or professional concerns that are interfering with their ability to function, be happy, or be mentally or physically healthy. A variety of support options are available through EAP, including counseling, therapy, coaching, and practical advice based on the specific situation. Those working in the US can benefit from the program by receiving support with financial, legal, identity theft, travel assistance, and bereavement services. Finally, since September 2020, Uprise (EAP) has been conducting weekly wellness seminars throughout Australia as part of its "Wednesday Wellness" initiatives.

Wellbeing apps

- In Canada, we continue to offer a digital wellness program through the Manulife Vitality app, which rewards employees for making healthy choices. Employees can earn points by going on walks, exercising, or obtaining flu shots, among other things.
- In Ecuador, we implemented the Well One app, which allows employees to check their health, diet, and stress levels, as well as track athletic activities and compete with one another.

Workshops and webinars

- In January 2021, our India employees started participating in a Power Yoga for Weight Loss program, which was followed in February by a session on management of Common Eye Disorders, highlighting the importance of ophthalmic health.
- In recognition of World Cancer Day in February, a cancer awareness session with a well-known oncologist was held. This was followed by a second cancer awareness workshop in December 2021.
- In May 2021, doctors and our internal EAP counselor discussed various mental health topics and answered questions from employees. Loneliness is spreading and has harmed our physical and emotional wellbeing during the pandemic. So, we raised awareness about the consequences of loneliness on our mental health and provided our employees with practical solutions.
- In October 2021, as part of Mental Health Awareness Month, we presented an interactive workshop on burnout prevention called "Stop Coping and Start Managing" with motivational speaker, Subira Jones, with 300 participants. Participants learned about stress causes, preventing burnout and safeguarding their work-life balance. Temenos is working on a plan for 2022 to increase knowledge of mental health and holistic wellness at work in order to empower our employees.
- In September 2021, our Canada employees participated in an online seminar on Practical Productivity. The event was led by our partner Temenos Canada EAP, sharing tips and information on how to be more effective when working from home, including time management, body position, ergonomics, and other related tools.



Wellbeing activities

- During lockdowns, our Canada employees decided to try a fun virtual escape activity called "Escape from Quarantine" to socialize virtually without risking exposure to Covid-19. To participate, the team made a donation to the Eastern Canada Children's Hospital (CHEO). The CHEO Foundation promotes the physical, mental, and social well-being of children and their families in eastern Ontario and western Quebec.
- Our LATAM employees came up with new challenges that encouraged them to pay more attention to their own well-being and happiness. They created weekly mini-challenges and set themselves the goal of completing them all. The main focus of the challenges was to enhance participants' physical, mental, social, and intellectual well-being. A good meal, a real compliment, dancing, meditation, and other activities were included in the mini challenges.
- On International Yoga Day, a virtual event was created for all employees globally. We held two large virtual yoga sessions, conducted by Kavita Bansal, a qualified yoga practitioner, with 240 employees from around the world taking part in the event. Additional yoga sessions were held in the offices in the Americas, Luxembourg, and Paris.
- For Breast Cancer Awareness Month in October 2021, our Miami employees came up with the idea of a cupcake fundraising campaign. They wanted to raise awareness about breast cancer, share their own stories, and raise money to help save lives. Free Zumba classes were also offered in France to raise awareness about the dangers of returning to work after breast cancer.
- Several Covid-19 vaccination camps have been held across all office sites where this option was available, in collaboration with the government health authorities and private clinics, with over 1,600 employees and family members benefiting from the efforts.
- The Temenos India Step-Up Walking Challenge returned for its fourth and fifth seasons in 2021, with more than 400 employees counting more than 4 million steps and raising approximately USD 3,626. India's employees could select between 3, 6, or 9 km, and for every km they walked, they raised money for a charity of their choice. They were able to improve their health and fitness while also making a positive contribution to the local community.
- In France, as part of Disability Awareness Week, we collaborated with a local French firm that employs people with disabilities and focuses on well-being at work to raise awareness about the importance of disability awareness.
- In November 2021, we prepared a photo booth session to encourage people to participate in various fun Movember activities, including a contest for the best mustache. Our women employees in France and Spain also raised funds, supporting Movember and raising awareness of men's health issues.

- In Australia, health and wellness activities were held to encourage employees to take a greater interest in their own health. Several entertaining and interactive games were organized every other Thursday from August to November 2021 to offer our employees a chance to unwind and take a break from the busy week. In addition, a Wellness Challenge was launched to assist staff in developing a healthy lifestyle over a period of several months.
- Again, in Australia, a volunteer day was organized, during which employees prepared bags for those suffering from period poverty. Temenosians donated seasonal products to our donation boxes, throughout May, in order to be donated in June.

CASE STUDY:

Temenos Got Talent

Our India employees launched the "Temenos Got Talent" initiative for the first time in 2020, since Temenosians never fail to surprise us with their exceptional talents and passion. Despite the difficulties of Covid-19, they organized it again in 2021, with a virtual dance and song contest to stay motivated and connected with their colleagues. In November 2021, more than 100 India employees registered to participate, with some choosing to dance, some to sing, and others to perform musical instruments. The participants shared their performance videos on the internet and through Yammer, which spread the excitement and encouraged more colleagues to participate. Seven finalists were chosen, and each earned a gift voucher for their outstanding performance.

CASE STUDY:

Covid-19 Pandemic Initiatives from India

In all our offices globally, during the Covid-19 pandemic, procedures were put in place to ensure the health, safety and well-being of our people, as well as their health, while supporting the local communities wherever possible. With more than 68% of our employees based in India, where the Covid-19 impact was big, we focused our actions on the following:

Health and wellness

» Doctor and counselors on call at all locations for employee assistance
» Vaccination camps at all locations in India, in collaboration with Hospital/Government Health Department
» Surveys to track vaccination and health status of employees on a weekly basis.

Covid-19-related communication in the workplace

» SOPs on Return to Work
» Posters/email messages on protocols
» Video demonstrations.

HR team connect with employees

» New entrants who onboarded virtually to check comfort levels
» One on one connects with transferred employees who were away from their families and were stranded during lockdowns
» Calls to employees who tested positive supporting them until they returned to work.

Welfare initiatives

» Interest-free salary advances of up to six months if employees or family members were affected with Covid-19 to aid with hospitalization and treatment expenses
» Covid-19 hospitalization coverage under Company medical insurance
» Reimbursement for vaccination costs of employees up to RS 1200 for both shots together
» To avoid loss of pay for employees who needed long leave due to Covid-19, PL gifts and leave top-ups were used to make up the leave balance.

Community Initiatives

» "New normal and happiness" preventative kits distributed to students in Chennai and Bangalore
» India Employee fundraising and company matching donation to PM Cares
» Donation of medical supplies to seven hospitals in Chennai, Bangalore, and Hyderabad
» Frontline workers were celebrated in a function on Women's Day – 8 March, at a public function with gifts from Temenos, honoring lady doctors, nurses, and health workers.

For more information on the community initiatives, please visit our Investing in our Communities section.

Employee communication and engagement

Listening to our employees helps us shape the employee experience and drive our strategy. We are committed to a two-way, open communication with our employees. Our employees need to understand how their work contributes to our business mission. At the same time, employee feedback helps us inform our strategy, shape our initiatives, improve processes and create a better employee experience.

The CEO and executive team share regular communications at a global level, while employees receive regional and functional communications covering both strategic and operational topics. Through the use of latest digital tools, we facilitate communication, day-to-day business operations, and project delivery. We use Microsoft 365 tools and other channels to communicate and engage with employees, including a SharePoint intranet, Yammer, video updates, targeted newsletters, townhalls with leaders and internal surveys.

Employee engagement

Creating, achieving, and maintaining employee engagement begins with understanding our employee feedback. To ensure that we are offering our employees an environment of consistent high employee experience, in 2021, we partnered with Qualtrics to better measure employee experience. This will enable us to listen to our employees on every step of their journey with Temenos and create action plans to consistently measure and improve our employee engagement. During the first phase, we focused on migrating our Employee Engagement survey to the new platform. We implemented this phase in Q2 and Q3 of 2021 and formally launched our updated Employee Engagement Survey (replacing MyVoice) in October 2021. In 2022, our focus will be to migrate and expand on our onboarding surveys (formerly known as New Hire Survey) with week 1, day 45 and day 90 surveys, as well as centralizing other employee experience surveys (learning surveys, one-off employee experience, performance management, offboarding) and measuring employee experience across the employee life cycle. Improving engagement has been known to have a direct effect on business metrics including productivity, turnover and sales.

Employee engagement survey: key highlights and results

» New global tool: Qualtrics, cloud-based platform
» Frequency: Annual survey
» Survey design: 42 questions in 13 categories offered in English, French, German, Spanish and Mandarin (simplified Chinese)
» Analysis and reporting – Received 5,296 responses (73% from male and 25% from female employees)
» Conducted senior leadership enablement sessions as well as manager sessions to review survey results, best practices when using Qualtrics, schedule for action plan completions, tracking and communication activities
» Confidentiality commitment: survey responses are stored in third party Qualtrics servers, in alignment with GDPR and industry standard security policies. This ensures that all responses remain anonymous and confidential to continue with our commitment under the Safe Harbor certification.

The move to an annual Employee Engagement Survey and the implementation of the new Qualtrics platform, coupled with a strong communication and engagement plan, delivered great results with an increase of +22 points on participation vs. previous year, and showcasing a slight increase (+1) on overall satisfaction, with an upward trend, versus previous years.

Temenos leaders are committed to listening and actioning on our employees' feedback. That is why we conducted several enablement sessions in partnership with Qualtrics, to review the results, our strengths and areas of opportunity. We are supporting our people managers across the organization in the creation and delivery of action plans. In 2022, we will be focusing on our strengths:

» **A clear vision:** People feel senior leaders give them a clear vision where the Company is headed
» **Enabled and accountable workforce:** People feel enabled to perform and held accountable for their performance
» **Agility:** People feel safe to come up with new ideas or different ways of doing things and sharing information across business lines.

We will also create action plans to address our areas of opportunity:

» **Purpose:** People would like to better understand how their contributions align to the business objectives
» **Training:** People feel they need more training to support their development and day-to-day work.

Employee engagement interviews with high performers

In 2021, we conducted over 180 individual Stay Interviews with our "changemakers" (high performing employees). The objective of this initiative was to gather feedback on sources of engagement, perception on professional growth and learning opportunities, appreciation, and potential drivers of resignation. Based on the information collected, we are creating tailored career plans to develop and retain our high performers and continue to support our business transformation.

	Unit	FY 2016*	FY 2017*	FY 2018*	FY 2019*	FY 2020**	FY 2021***
Employee engagement	% of actively engaged employees	54	54	62	62	67	68
Data coverage	% of total employees	79	79	85	85	51	73

* The survey was conducted every two years until 2020, so the value of the previous year is duplicated.
** Data coverage is not comparable due to survey format change from annual to always-on in 2020. Average response rate confirmed by Gartner is 50%.
*** In 2021 we implemented Qualtrics and moved our Employee Survey on an annual basis.

INVESTING IN OUR PEOPLE continued

Talent and career development

To accelerate representation and improve experience for everyone, we have focused on our Talent and Development processes. We have re-imagined our training process with diversity and equality at the center, as well as our performance reviews, promotions and benefits, adapting to the changing external environment and reflecting on our new cloud business direction, by including new criteria to ensure our process is fair, consistent, and accessible to all that contributes to an inclusive work environment where all employees feel they are valued and have equal opportunities.

At Temenos we provide our employees with learning and development initiatives and programs to support a holistic development: from technical and functional skills to soft skills such as leadership, change management and much more. We believe that learning comes in different shapes and forms and we strive to provide an environment where employees can find resources to learn at their own terms and pace. Supported by our Performance Management program (People Space) and individual career plans, our learning and development resources range from:

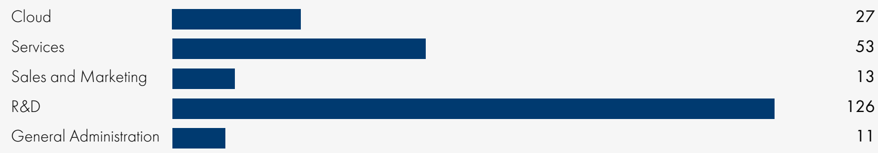
» High-potential employee (HIPO) career development plans
» Formal training on Temenos products, provided by Temenos Learning Community (TLC)
» Cloud and SaaS Training Hub: Formal training on technical skills such as Azure certifications by Microsoft, Cloud platforms such as AWS, Google, by Cloud Academy, programming skills by Pluralsight, among others
» On the job learning, special project assignments such as Open for Growth assignments, international placements, etc.
» Leadership Development programs
» Podcasts, internal blogs, knowledge center sites, newsletters (Base Camp)
» Conferences such as TLC, TFC, and global webinars on different topics (leadership, change management, etc.)
» Tuition reimbursement (external training).

Temenos Learning Community (TLC) continued internal trainings, along with the external Temenos ecosystem, on Temenos products. In 2021, TLC delivered almost 1,200 classroom days exclusively reserved for our employees. Additional training was delivered through public classrooms accessible to internal employees, clients, and partners at the same time, while TLC Online, with a catalogue of more than 600 courses on Temenos products and methodologies, continued to be available internally to all our employees.

By December 2021, we achieved 84 hours of average training per employee, excluding on site coaching and feedback by people managers and other development activities not recorded in our systems. For 2021, the annual recorded average training hours by gender and employee category by department are shown in the figures below.

Average training hours – by gender

Average training hours – employee category by department



Internal transfers

Investing in our people and opening up opportunities for global career development at Temenos is a priority for us. In 2021, we launched new internal transfer guidelines, giving all our employees a clear process for exploring and applying for open opportunities within the business globally. We also built a talent acquisition team dedicated to supporting the internal mobility initiative.

The global Internal Transfer guidelines outline the eligibility criteria for internal transfers, the roles and responsibilities of those involved, and they provide a step-by-step guide to support our employees through every stage of the process. We believe that through internal mobility, we can support our people career progression, help them achieve their goals and drive our business forward.

Career Week

In 2021 we hosted our first internal Career Week event. This event aimed to provide our employees with a deep dive view of our different teams and colleagues across the organization. Participants had the chance to hear first-hand accounts of career progression and success in our organization, supporting upward mobility but also unconventional career moves. Over 1,000 participants heard from 15 senior speakers from six different teams and functions, about their day-to-day job, exciting projects they are working on, tips for career mobility and more. Thanks to the success of this first pilot, we have now included a Career Week event as part of our quarterly internal development offering.

Performance management

Building on the success of previous years, we continue to provide updates and enhancements to our Performance Management process, tools and philosophy. By delivering a comprehensive performance program, we empower our employees to own their development, while we recognize and reward strong performance through our guiding principles:

- **Trust:** Our performance management processes build and maintain trust between managers and employees to support learning and career development.
- **Transparency:** Our processes offer transparency in role expectations, performance expectations and ratings, promotion criteria and development feedback.
- **Objectivity:** Our process aims to reduce bias in the performance assessment process and standardize our approach globally.
- **Propel and value performance:** Our processes aim to drive high-performance practices across the organization and motivate employees to set and achieve challenging goals. The process also aims to value and recognize employee contributions commensurate to the business value delivered.

To accommodate business changes, in 2021, we held the performance management process in Q2 and 4,951 eligible employees participated in it.

The number of employees who received career progression during the performance management process as well as the number of employees whose performance has been reviewed is reported by gender and employee category with department below, while Temenos offered the remaining people with career developmental feedback/learning opportunities. In addition, throughout 2021, there were out of cycle career progression done as shown below, which reflects our investment in our employees' career growth.

Employee recognition

Our people and culture are what propels us forward as we continue to deliver on our vision to transform the banking industry. Our recognition programs are an opportunity to celebrate the contributions of Temenosians from across the business, not only for performance excellence, but also for the achievement of our social, environmental and climate-related targets. The nominations are related to our Temenosity values as well as the 5 Pathways in Open for Growth, reaching key milestones or going above and beyond the role requirements. Everyone is invited to nominate their colleagues and peers. Our employees are highly encouraged to be inclusive and consider those in roles that are less visible but still make valuable contributions.

Temenosian Award

The Temenosian Awards are open to all permanent Temenos employees (except those eligible to participate in the Sales Club award). There are five categories relating to the five Pathways identified in our Open for Growth strategy: People, Product, Partners, Perception and Process. Everybody is invited to nominate their peers and colleagues. 15 winners every year will enjoy this award which includes both monetary and also non-monetary recognition. For the non-monetary recognition, winners are invited to our Temenos Kick Off (TKO) event. In 2022, due to Covid restrictions, invitation to this event was replaced by a virtual session with top management and the winners and a lunch invitation with Temenos Executive Committee members when they visit the respective location where the winners are based.

During talent review cycle – 2021

Talent Review Communication

By gender

Female	1,635
Male	3,218

By employee category (department)

Cloud	145
Services	1,291
Sales and Marketing	435
R&D	2,505
General Administration	477

Career Progress

By gender

Female	1,623
Male	3,193

By employee category (department)

Cloud	143
Services	1,284
Sales and Marketing	425
R&D	2,489
General Administration	475

Quarterly GEM award

Every day, Temenosians "go the extra mile" (GEM) to help teammates, support customers, solve challenging issues, or find ways to make our organization a great place to work! The Quarterly GEM awards give each employee an opportunity to show their appreciation for the outstanding contributions their peers make, by sharing stories of collaboration, innovation, inclusivity and willingness to go the extra mile. Nominations can be made at any time throughout the year in alignment to our Temenos values. GEM winners are announced on a quarterly basis on internal communication channels (emails, intranet, etc.) and they receive a monetary award along an e-certificate. Approximately 11% of our employees receive this award annually, representing a great mix of regions, gender, tenure and departments.

Temenos Badges

This award category is part of a daily recognition scheme where Temenosians are encouraged to thank and recognize each other for small or bigger achievements. Value Badges are online recognition templates each representing our Temenosity values. In 2021, more than 25% of our population has given/received a Temenos badge as an acknowledgment of additional effort, outstanding behavior, for being role models and going above their day-to-day role.

Out of talent review cycle – 2021

Talent Review Communication

By gender

Female	134
Male	206

By employee category (department)

Cloud	29
Services	78
Sales and Marketing	37
R&D	176
General Administration	20

Career Progress

By gender

Female	106
Male	176

By employee category (department)

Cloud	25
Services	60
Sales and Marketing	25
R&D	152
General Administration	20

Temenos Keys

The Temenos KEY program was designed to emphasize Temenos values and celebrate, "our motto", that People are the key. The KEY represents a reminder to all of us that in our business what counts is People, human endeavor and respect for each other. We are a team; we are proud to be part of Temenos and wearing the key embodies our philosophy. The Keys are delivered to our employees on an annual basis and recognizes their time in our organization, starting from the first year (silver key), followed by the fifth year (18 carat gold key), 10 year (18 carat gold with sapphire stone), 15 year (18 carat gold with sapphire and emerald stone), 20 year (18 carat gold with sapphire, emerald stone and a diamond), 25 year (18 carat gold and three diamonds) and finally the 30 year key (18 carat gold and four diamonds).

The Sales Club

The Club celebrates our top performing Sales and Business Solutions colleagues from around the world in a unique way – a trip with our Chief Executive Officer. In previous years, the Club awardees traveled with their partners to Scotland, Iceland, Vietnam, Barbados, Capri, Kenya and India. Due to travel restrictions caused by Covid-19, the travel award was replaced by a monetary award.

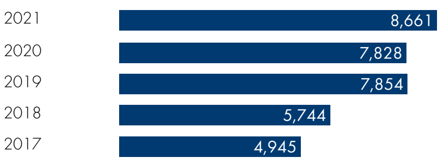
INVESTING IN OUR PEOPLE continued

DIVERSITY DASHBOARD

Our dashboard data are a very important aspect of our diversity and inclusion efforts, but cannot present the full picture. We are always looking for new ways to capture the information, despite legal and country limitations, and in such a way that would help us shape and communicate the Temenos experience the best way possible. This ongoing process is helping us understand better the diversity of our people and make more inclusive decisions.

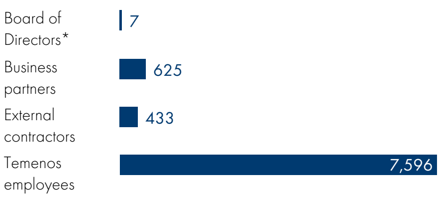
TOTAL HEADCOUNT

Last five years

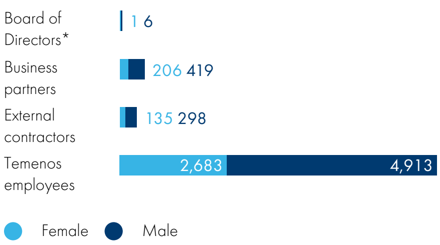


* Independent and Non-Executive Directors only.

By employee type

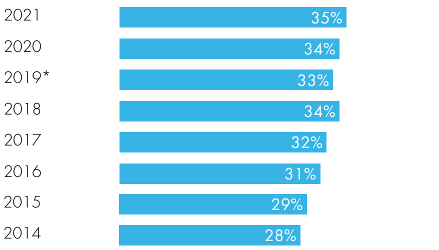


By employee type and gender

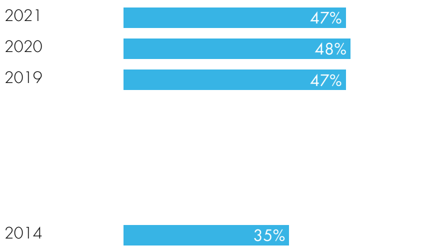


WORKFORCE DIVERSITY

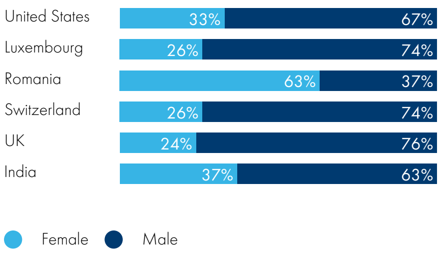
% women in the total Temenos workforce



% women less than 30 years old

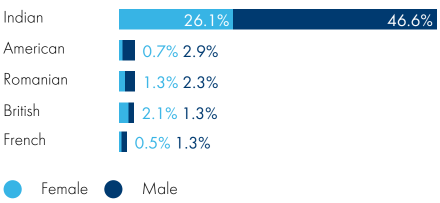


By gender in certain regions

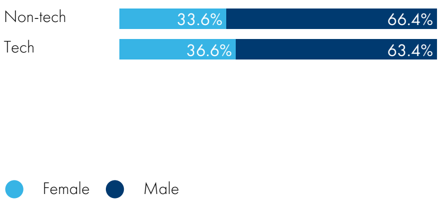


* In September 2019, before the Kony acquisition, the ratio of women at Temenos was 35%. With the Kony acquisition, the ratio was reduced since the percentage of women at Kony was 27%.

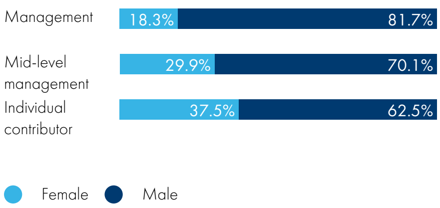
By gender and nationality



By gender and employee category

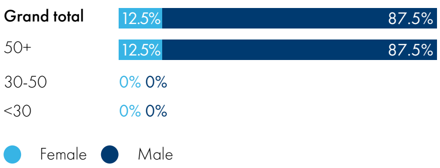


By gender and management level

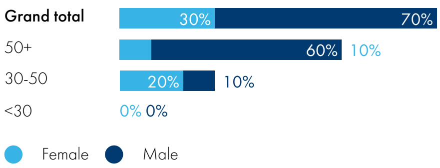


BOARD, EXECUTIVE COMMITTEE AND LEADERSHIP TEAM DIVERSITY

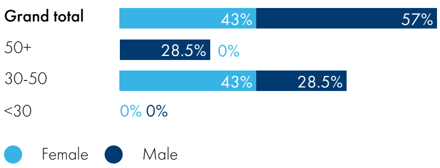
% Board of Directors by gender and age



% Executive Committee by gender and age*



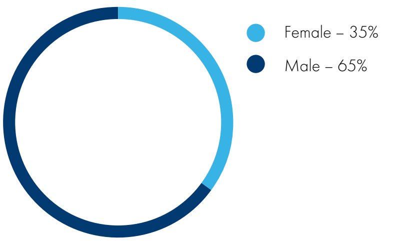
% Leadership Team by gender and age



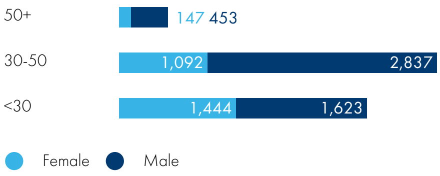
* Executive Committee and Leadership team as of 31 December 2021.

TEMENOS EMPLOYEES

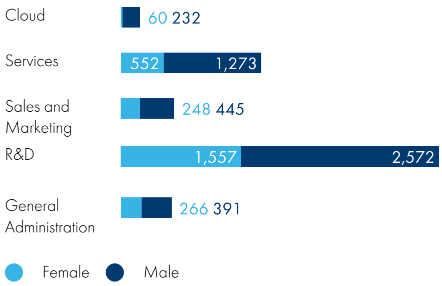
% by gender



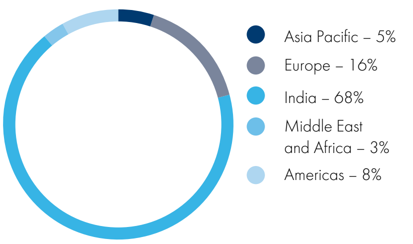
By gender and age



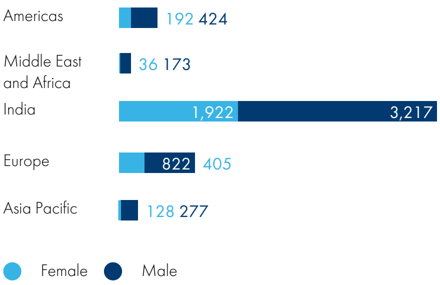
By function and gender



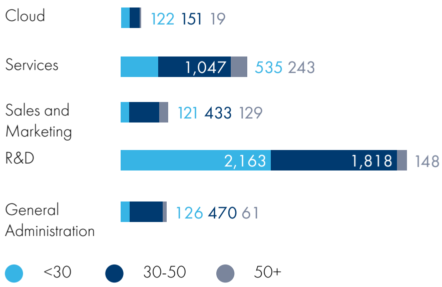
% by region



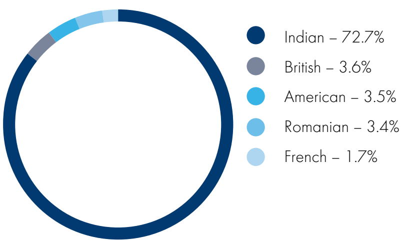
By region and gender



By function and age

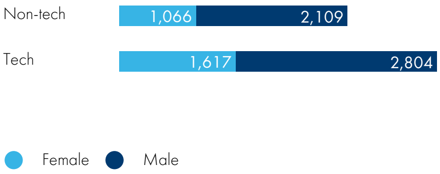


% by nationality*

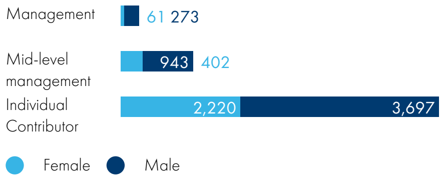


* Top five nationalities in terms of headcount as per DJSI requirements.

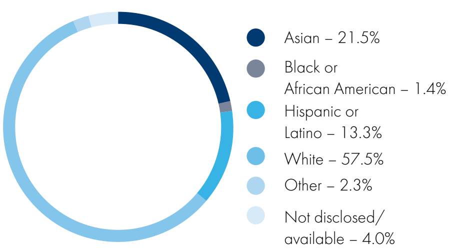
By gender and employee category



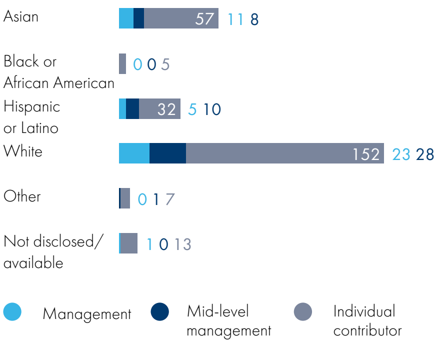
By gender and management level



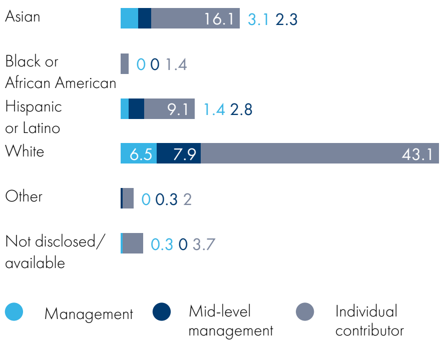
% by race (US only)



By race and management level (US only)



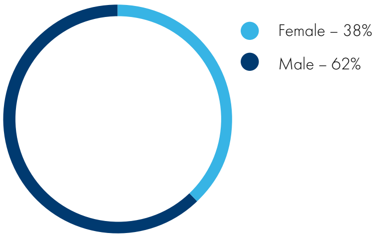
% by race and management level (US only)



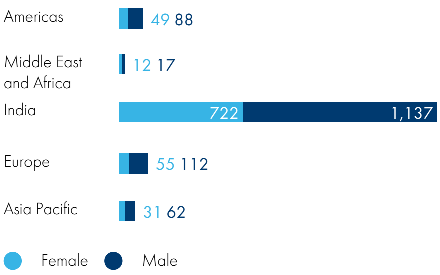
INVESTING IN OUR PEOPLE continued

NEW EMPLOYEE HIRES

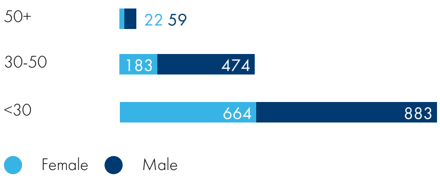
% by gender



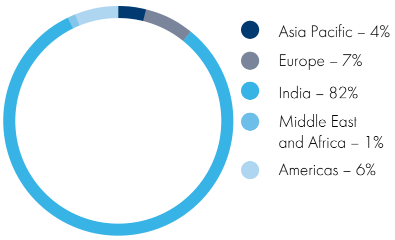
By region and gender



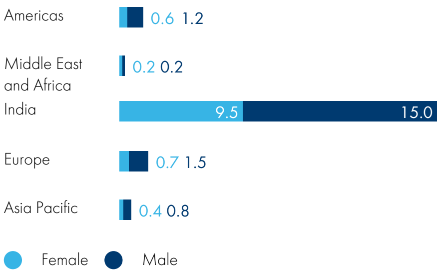
By gender and age



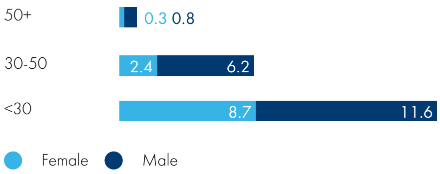
% by region*



% rate by region and gender



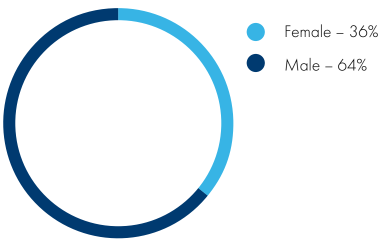
% rate by gender and age



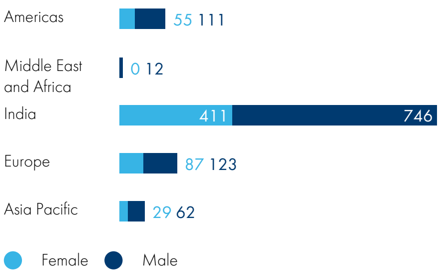
* New employee hires at a region/total number of employee hires.

EMPLOYEE TURNOVER

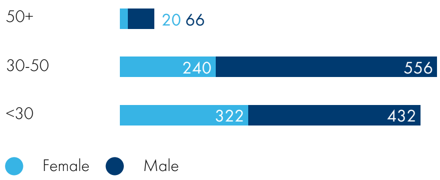
% by gender



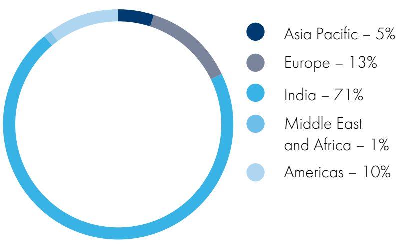
By region and gender



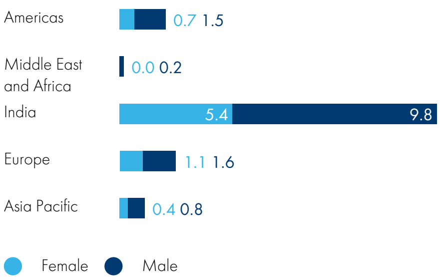
By gender and age



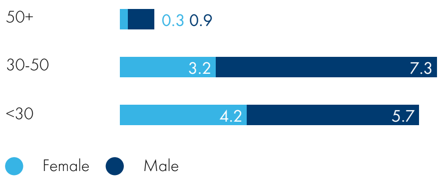
% by region*



% rate by region and gender

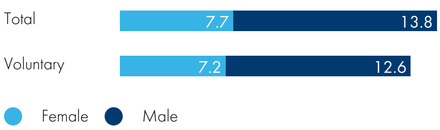


% rate by gender and age



* Leavers at a region/Total number of leavers as per GRI. Refers to the proportion of employees who leave over a set period (often a year), expressed as a percentage of the total workforce.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020*	FY 2021
Total employee turnover rate	17.6	11.2	11.7	11.1	17.9	**21.5**
Voluntary employee turnover rate	11.2	7.5	8.3	8.5	9.9	**19.8**



* Includes employees turned to external contractors (HCL Project).

ENABLING ACCESS TO FINANCIAL SERVICES

OPENING DOORS

It is easy to assume that with the world's digital financial services advancements that everyone today has a bank account. According to the World Bank's latest report, nearly 1.7 billion people are unbanked globally, one fourth of the global population. The challenges that have an impact on the financial inclusion progress are:

- » **Climate change:** People living in the poorest countries are also those hardest hit by the impacts of the climate crisis.
- » **Education:** Learning losses from Covid-19 could cost this generation of students close to USD 17 trillion in lifetime earnings.
- » **Energy:** Access to energy is essential to reduce poverty. Energy makes possible the investments, innovations and new industries that are engines of jobs, inclusive growth and shared prosperity for entire economies. Energy needs to be affordable, reliable, sustainable and modern (UN SDG 7).
- » **Urban development:** Covid-19 driven poverty is making inroads in populations that have been relatively spared.
- » **Trade:** Trade is an engine of growth that creates jobs, reduces poverty and increases economic opportunity.
- » **Conflict:** More than 40% of the poor live in conflict-affected countries. It destroys their livelihoods while discouraging further investment in their communities.
- » **Health:** The Covid-19 pandemic increased pressure on already-stressed health systems and economies in fragile settings, with countries seeing their worst recession in five decades. Ensuring that every woman and child has access to healthcare is also fundamental to ending poverty and building economies.
- » **Poverty:** The number of extremely poor people has fallen dramatically from 1.9 billion in 1990 to 689 million in 2017. Global extreme poverty dropped by an average 1% per year between 1990 and 2015, but fell by less than 0.5% per year between 2015 and 2017.

Now, for the first time in a generation, the quest to end poverty has suffered its worst setback. The setback is due to major challenges; Covid-19, conflict and climate change, facing all countries, but in particular those with large poor populations. While Covid-19 is a new obstacle, conflicts and climate change have been increasing extreme poverty for years in parts of the world. As Covid-19 threatens to reverse development gains, a green, resilient and inclusive recovery is needed.

Strengthening local financial intermediation

Credit unions, savings banks, microfinance, community banks and other non-bank financial institutions are the foundation to sustainable financial inclusion and the development of healthy, sustainable local financial markets. At Temenos, we understand the need to strengthen and support community-based banking, through the provision of modern digital technology and services to strengthen their business to serve their communities and expand their outreach to the unbanked. Solutions that are appropriate to the market, transparent and inclusive, while facilitating emerging markets that are still cash-dependent.

Financial inclusion strategy

The Temenos financial inclusion strategy is to provide the same technology infrastructure used by modern digital banks in established financial markets to empower small financial institutions in emerging markets to compete and exponentially grow their customer base providing quality, affordable, digital financial services to the poor. Temenos provides the technology and expertise to build services to compete with the mobile network operators, fintech and commercial banks that are after the very valuable membership base that community banks and credit unions have developed over decades. It is essential that these community banks keep their customer spend within their own community-banking network, generate new revenue and build on their greatest asset – the trusted customer relationship.

We do this as part of our mainstream business. We bundle our latest release Temenos core banking technology in a mature model bank for community and cooperative banking and provide access to the integration and digital channels in a cloud-based Software as a Service (or local) basis. This helps smaller financial institutions gain access to the same technology used by some of the largest and most modern banks in the world but made accessible by subscription service and packaged for rapid implementation. In the year 2000, Temenos took a decision to commit to microfinance, the forerunner to what we know today as financial inclusion. Temenos configured its then Globus Banking SW to create a microfinance model bank with the thought to create a "bank-in-a-box" that would be easy and affordable to deploy. It aimed to meet the varied and idiosyncratic ways of banking the unbanked at the time, serving the many variants of non-bank financial institutions that were experimenting with financial products and services for the poor. Banks were not able to address this market for reasons of cost, culture and focus. Eventually with the ever-expanding terrestrial 2G and 3G mobile networks across much of the developing world the ability to centralize and aggregate transaction processing costs began to fall. The mobile phone for voice and data became a viable last mile technology and transformed the way banking was organized. A market opened for transactions and payments for the mass market. Over the past ten years mainstream banking, led by great successes in mobile payments like Mpesa in Kenya and the large commercial microfinance networks, retail banks have begun to discover the potential of transactional banking for the poor. Temenos has been leading the fintech discovery throughout this journey. Today Temenos can be proud to have been the first to bring mainstream core banking technology to the cloud with Microsoft, in Mexico with five microfinance banks in 2011. Temenos has supported every major microfinance network and most of the large mainstream microfinance banks who have been developing leading solutions to financial inclusion with Temenos technology. We can proudly claim to now have 230 banks as clients that associate with financial inclusion in 49 countries running the Temenos Transact Inclusive Banking model bank. The inclusive banking sector has shifted emphasis from a definition of inclusion or being 'banked' as having a transaction account. However, a transaction account alone or a virtual wallet is not sufficient to achieve financial inclusiveness. The World Bank defines financial inclusion as "individuals and businesses having access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way." The World Bank further notes that financial inclusion "is a key enabler to reducing poverty and boosting prosperity". Notably Temenos is the only fintech in the group, not specifically associated to the card and payments industry alone, and the only one in the group that brings together core banking and payments in a suite of solutions to the sector. Temenos Inclusive Banking has evolved from the traditional microfinance end-to-end 'bank-in-a-box' solution strategy to a wider digital transformation on the digitization of payments. The digitization of payments relieves enormous friction in the market economy, especially where cost effects productivity and investment in emerging markets. The cost and risk of cash in high density poor urban and peri-urban areas retard business development and excludes millions. The International Finance Corporation of the World Bank Group estimates that there are 120 SMEs for every 1,000 inhabitants in Sub-Saharan Africa (SSA) and four out of five jobs are created in this sector. Empowering and growing the SME and SMME sector is essential to a successful and stable economy in SSA. Access to finance and quality financial services is cited by the World Bank as the most critical constraint to growth and development of the sector.

Extending financial inclusion

The pandemic has stressed the continuing financial inequality. At the same time, it offered a real opportunity towards investing in a fairer and more inclusive global economy. The rewards for doing so go way beyond those directly affected, from increasing political stability to helping address climate change, from global GDP growth to contributing strong returns from a well-balanced portfolio.

People need a safe place to save and a source of financial services to finance their various stages of their life and to have access to investment for provident and productive purposes. It is said the best police officer is a homeowner. The same applies to the market economy. If the majority of people are excluded from the market economy, there is no foundation to the economy. People who have no stake in the economy, have no reason to care about the success of the economy. Financial inclusion is fundamental to the social and economic stability of our global economy. Unlocking the potential of the individual to have meaningful participation and giving people a stake in the market economy provided a foundation for development. Fintech is central to this process. To bank, the poor have to be a market. Banking the poor has to be profitable, and to achieve this conversion from demand into effective demand for financial services requires very sophisticated use of data and ICT to drop the costs of high-volume low value transactions to create a competitive market for the business of the poor.

The Temenos experience has been a journey of discovery with our clients and partners in a common mission to make a meaningful contribution to our community, our global economy and the lives of tens of millions of women and men that our technology has helped to serve. In many parts of the world, internet, cloud and mobile banking are unlocking this financial inclusion. Temenos will continue to lead with financial technology to continue this mission.

INVESTING IN OUR COMMUNITIES

CARING FOR OUR COMMUNITIES

Community investment

As a global corporation, we are committed to supporting and enhancing the quality of life of the communities where our employees, partners, and clients live and work. By using our technology and resources, offering financial support, sharing our business expertise as well as the passion, effort and talent of our employees, collaborating with clients and partners, we provide the local communities with access to the benefits and opportunities technology creates and the skills to deploy it, thus making positive, measurable contributions to the local communities, while responding in times of need.

Our approach

» Corporate monetary contributions
» Corporate monetary contributions that complement the donations or volunteer efforts of our employees
» In-kind contributions of used IT equipment
» Employee fundraising (volunteering their time and/or money) and
» Volunteering (donation of professional service, management expertise, skills and time to non-profit organizations or local communities).

As per our Anti-Corruption and Bribery policy as well as the Charitable Donations and Non Commercial Sponsorships' policy, Temenos does not make any contributions to political parties.

At Temenos we are looking for ways to go beyond financial resources and consider how to make best use of our assets, resources, expertise, advocacy, and relationships to support and enhance the local communities. In addition, we have aligned our community investment with our mission and the strategic issues of our business to create shared value. We look for partners rather than as the principal actor in promoting local development and creating long term benefits and sustainable results that can outlast company support.

Corporate monetary contributions

We rely on the efforts of all our employees to help us identify emerging issues and local community needs where Temenos can reach out, design programs, and contribute to the communities in the regions where we operate and monitor the progress. We cooperate with our people in our local offices on the review, evaluation and selection procedure that is based on local community-need assessments. Our community investment is aligned with our mission, business strategy, employee concentration and CSR strategic priorities, ranging from long term programs to short term initiatives. In 2017-2021, we awarded around USD 1.2 million to community development projects. Temenos evaluates the effectiveness and impact of its community investment by maintaining contact with organizations it supports and through Temenos employee volunteering, aiming at improving management of existing projects and identifying future opportunities.

Our strategic priorities

» Poverty Alleviation and Local Economic Development
» Children
» Youth Development
» Technology and Innovation
» Environment
» Emergency Relief.

Poverty alleviation and local economic development remains a key priority area for our community investment. The need to strengthen our spirit of solidarity towards the most vulnerable and enhance our efforts to eradicate poverty is more critical than ever during the Covid-19 pandemic. To maximize the social impact of our community investment, we focused on this area, with all of our community investment towards empowering underserved and poor communities and Covid-19 emergency relief actions. Our goal is to provide young students from disadvantaged local communities with digital skills and capabilities – promoting gender equality and inclusive education for all, especially now that Covid-19 has led to a severe disruption of education – and enhance their lives and their communities, by contributing to their financial literacy, education, improved health and economy.

2021 Community investment in USD

Monetary donations	417,367.44
Employee fundraising	20,122.90
Employee volunteering cost	62,411.00
In-kind donations	107,300.00
Total	**607,201.34**

In line with our poverty alleviation and local development CSR strategic priority, we focus on the following areas:

» Poverty Alleviation and Financial Inclusion
» Digital Inclusion and Innovation
» Diversity, Equity and Inclusion
» Employee Volunteering and Community Service.

CONTRIBUTING TO THE UN SDGS

In addition, the Temenos Internal Audit team conducts yearly independent, objective audits of the Company's corporate monetary contributions, in relation to the Anti-Corruption and Bribery and Conflict of Interest policies. The results of these audits are shared with the CSR and Ethics Committee and the Audit Committee. All donations and non-commercial sponsorships requests are submitted online through the Temenos intranet for review and evaluation by the CSR and Ethics Committee during its regular meetings.

Donations of used IT equipment

We work at a local level to donate desktops, laptops, screens, printers and other IT equipment that are no longer used by the Company to non-profit organizations or schools based in the countries where we operate. All laptops and desktops are cleaned of all data and software before being donated due to confidentiality, licensing and data protection issues.

In 2021, Temenos Romania donated 44 laptops to four different educational institutions to help students attend classes online during the school closures. 15 laptops were given to the "Asociatia Procultura Surzilor", a Cultural Education Association for Children with Hearing Disabilities, ten laptops to Timotei Cipariu High School in Bucharest, 15 laptops to Primary School No. 1 in Vanatorii Mici, Giurgiu County, and the remaining four laptops to Tineri Pentru Promovarea Dobrogei, another Cultural Education Association.

In addition, Temenos Costa Rica donated 14 used computers to students at the Colegio Técnico de San Isidro de Heredia to help them stay connected and learn about technology during their school/University closures. The donation aimed to support students who could not afford having a computer, to be able to stay online and participate in virtual classes.

Employee volunteering and community service

At Temenos, we encourage and support the efforts of our employees as well as our management to offer their time and expertise to help local communities or non-governmental organizations during paid working hours in activities organized by the Company and in line with our CSR strategic priorities. Since 2019, we set a target to evaluate our volunteering program and the impact of our volunteers. Our key aims were:

- To measure the social impact on the local communities
- To explore new ways to give back to the local communities
- To identify areas of improvement
- To uncover – through volunteering – new skills or talent of our people
- To identify the impact that volunteers have on Temenos, in terms of their contribution and economic value
- To have documentation for audit and third party verification.

To be able to better monitor, track and report the number of volunteers, volunteering hours and the impact of these activities not only to the community, but also to Temenos, we have created an online Employee Volunteering Tracking form for volunteering activities organized by Temenos. The program was initially rolled out in India, focusing on the Adopt-iT program and the work we are doing in the schools and universities. Gradually, it was expanded to the rest of the Company offices globally.

In 2021, there was a decrease in on-site employee volunteering activities, due to Covid-19 restrictions, while online volunteering increased.

Employee volunteering by CSR strategic priority areas	Employee time in USD	Employee time in hours
Environment	51,346	1,727
Poverty alleviation and local economic development	8,636	458
Technology and innovation	2,429	169
Total	**62,411**	**2,354**

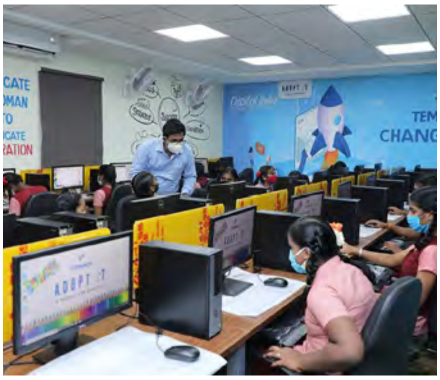
Employee volunteering by regions	Employee time in USD	Employee time in hours
Americas	16,351	334
Middle East and Africa	1,875	45
India	16,652	1,442
Europe	18,126	337
Asia Pacific	9,407	195
Total	**62,411**	**2,354**

* To calculate the cost, base salary and social charges were used for each employee.

CSR India Adopt-iT school program

CSR India Adopt-iT school program

CSR India Adopt-iT school program



CSR Kenya program

Temenos Miami employee volunteering

Temenos Australia employee volunteering

INVESTING IN OUR COMMUNITIES continued

Supporting local communities

India CSR School program

Temenos is committed to finding ways to use technology to enable social change, by supporting disadvantaged local communities, enhancing their living standards as well as their work skills and capabilities and helping them gain access to finance, health and jobs. India is a material location for Temenos as it represents 68% of our total employee concentration. Education is one of the most powerful instruments for reducing poverty and inequality and enhancing India's competitiveness in the global economy.

In 2017, Temenos launched a comprehensive CSR program in India "Adopt-iT" to help improve the quality of secondary education in India and eventually access to quality education for more. The concept was to identify secondary schools in need (government aided schools) and use technology to enable social change, by supporting disadvantaged local communities in India. Adopt-iT aims to transform the lives of individuals in these communities by improving their work skills and capabilities, promoting gender equality and inclusive education for all and helping them gain access to finance, healthcare and jobs.

During 2017 to 2021, through the Temenos Adopt-iT project, we built computer labs in the following schools and non-profit organizations in India:

1. MCN school in Chennai: computer lab
2. St Columbus Higher Secondary school in Chennai: computer lab, training room and girls' restrooms
3. Government Kannada Higher Primary School in Bangalore: computer lab and girls' restrooms
4. RBANC School in Chennai: solar-powered computer lab and training room
5. Prakash Nagar Government High School in Bangalore: solar-powered computer lab
6. Madras Progressive Higher Secondary school in Chennai: solar-powered computer lab and training room
7. Mary Clubwala Jadhav Girls Higher Secondary School in Chennai: solar-powered computer lab and training room
8. Kumaran Special School for children and youth with special needs: Sensory Lab to support the individual learning requirements
9. MCN school in Chennai: added a larger training room and turned the computer lab into a solar-powered one
10. Lady Willingdon Higher Secondary School in Chennai: solar-powered computer lab and training room
11. Chennai Higher Secondary School in Maduvankarai, Chennai: solar-powered computer lab and training room
12. SOS Children's Villages of India: hi-tech solar-powered computer lab and training room (under construction – to be completed in 2022)

In 2021, we built two more solar-powered computer labs at Lady Willingdon Girls School and Chennai Higher Secondary School in Chennai.

We made a difference in the lives of children in youth with special needs at Kumaran School by building a Sensory Lab to support their individual learning requirements.

As part of our environmental responsibility program, we built a larger training room and added solar panels at the first pilot computer lab we built at MCN High School in Chennai.

10

Computer labs in Chennai and Bangalore

19,200

Students reached

2,170+

Temenos employee volunteering hours teaching and coaching students in 2019-2021

CONTRIBUTING TO THE UN SDGS

We aim to encourage innovation and sustainable economic growth, gender equality and economic inclusion and women's empowerment through technology. Our Adopt-iT program not only benefits communities outside our business, it reinforces our core values of operating responsibly and using our technology, expertise and resources for good within Temenos, inspiring many to dedicate their time to helping others. In addition, India is a material location for Temenos as it represents 68% of our total employee concentration, at the heart of Temenos' product organization.

As a leading IT software company, Temenos is committed to finding ways to use technology to enable social change, by supporting disadvantaged local communities, with a special focus on girls. Education is one of the most powerful instruments for reducing poverty and inequality. We focused our actions on encouraging gender equality and inclusive education for all, by building girls' restrooms in government schools in India, helping girls stay in school, provide them with access to the benefits and opportunities technology creates and the skills to deploy it and subsequently equal access to more opportunities in life. In addition, by expanding the Adopt-iT program to University students, we are aiming to help girls choose the field of engineering and technology, by providing them with scholarships, promoting innovation and digital skills and creating employment opportunities for them.

At Temenos, as part of our strategy to attract and retain women in STEM-related roles, internally as well as in the local communities, we work with schools and universities to facilitate girls' access to education through the provision of hygiene and sanitation, as well to fund girls through targeted scholarships to study STEM and motivate them to eventually join the tech industry. We also provide job opportunities to build work experiences, internships and mentoring programs that would encourage women towards tech after graduation.

In line with SDG Targets 4.4, 4.5 and 4.b, as well as 5.1 and 5.b, the Temenos India CSR Program – Adopt-iT has reached 19,200 students so far, with a target to reach 20,000 students by 2025. The program includes the construction of (completed): ten solar-powered computer labs in Government Schools in Chennai and Bangalore, girls' restrooms in two schools, one solar-powered Temenos Innovation Lab at Anna University in Chennai and the establishment of a scholarship program for 2nd, 3rd and 4th year students at Anna University College of Engineering in Chennai for the next six years. For the 2019-21 academic years, 278 need and merit-based scholarships were awarded to 2nd and 3rd year students (60% girls -40% boys). Our Temenos India employees volunteered their time and expertise in tutoring the students. The time spent was more than 2,170 Employee volunteering hours the past three years.

India CSR University program

In 2019, we also expanded the Adopt-iT program to promote innovation and digital skills and create employment opportunities to University students. As part of the program, Temenos built a fully equipped and sustainably-powered Innovation Lab at Anna University, College of Engineering in Chennai. The lab gave students the opportunity to learn about the fintech sector, partner with Temenos employee volunteers and provide opportunities to learn through hands-on experience. Temenos offered its Temenos Learning Community online platform and sandbox environments and customized it in such a way, so as to create a curriculum tailored to the needs of the Temenos Innovation Lab users. Temenos plans to expand the collaboration with Anna University in the coming years to cover additional areas (R&D, recruitment, hackathons, green data centers, etc.) while continuing to grow the Adopt-iT University program to reach other higher education institutions in Bangalore and Hyderabad, India.

In 2019, we launched a scholarship program for students at Anna University in Chennai, India. Temenos will award need-and merit-based scholarships to qualifying 2nd, 3rd and 4th year students for the coming six years – with the option to extend it – and provide employment opportunities to outstanding performance graduates. As part of our gender diversity program, Temenos is allocating 60% of the scholarships to young women, encouraging them to choose a career in the IT industry. In 2019, we launched the scholarship program by providing 46 need and merit-based scholarships to 2nd year Anna University College of Engineering in Chennai, while in 2020 we provided 92 need and merit-based scholarships to qualifying 2nd and 3rd year students. In 2021, we offered 140 scholarships to qualifying 2nd, 3rd and 4th year students. Students in the following departments have been awarded scholarships for their Bachelor's degrees in engineering and technology: IT – Information Technology, CSE – Computer Science Engineering, ECE – Electronics and Communications Engineering and EEE – Electrical and Electronics Engineering. The scholarship program at Anna University will be continued and expanded in six other Universities and Colleges in India in Chennai, Bangalore and Hyderabad the next two years.

In 2021, together with Anna University in Chennai, we further expanded our cooperation and initiated a green project to make the University's data centers green. The project is under development and is expected to be completed by the end of 2022, provided that all the relevant permits and approvals are in place. As a global IT company, we understand the significance of climate change. As we support our clients to become sustainable organizations and achieve their net zero targets, we are equally committed to helping the local communities where we operate, to transition to a low carbon economy. Adding to the solar-powered school computer labs, we are building through the Adopt-iT school program, in the same way, we are supporting our Adopt-iT partner, Anna University, through their net zero journey.

1

solar-powered innovation lab

278

need and merit-based scholarships to Anna University students (2019-2021)

88%

of the students have a family income less than USD 2,000 per year

2022 Goals

- To expand the Adopt-iT school program to more schools and Universities in India
- To continue to award need- and merit-based scholarships to qualifying 2nd, 3rd and 4th year students of Anna University for the next three years
- To create more volunteering opportunities for our employees in line with our CSR strategic priorities.

To date, the Temenos Adopt-iT school and University program has assisted nearly 19,200 students, by providing them with IT equipment, training and mentoring and by helping create safe, clean and green environments in which they can learn, grow, create their own future and excel in life. During 2019-2021, despite the Covid-19 restrictions, our Temenos India employees volunteered for more than 2,170 hours to teach and coach the Adopt-iT students.

Our vision is to keep finding ways to engage with local communities, provide them with access to the benefits and opportunities technology creates and the skills to deploy it. In doing this, we aim to encourage innovation and sustainable economic growth. Adopt-iT not only benefits individuals and communities outside our business, it reinforces our Temenosity principles of operating responsibly and using our technology, expertise and resources for good within Temenos, inspiring many to dedicate their time to helping others.

INVESTING IN OUR COMMUNITIES continued

345
Members mobilized

241
Enterprises created

314
Jobs created in the community

Kenya CSR program
From 17 July 2019 to 16 October 2021, the Kenya CSR program, a poverty alleviation and local economic development program together with Hand in Hand International, aimed to lift the entire community in Kivandini village of Kenya including 345 people out of poverty in 27 months: 259 were women (75%), and 100 were youth aged 18–35 (29%).

In 2018, 380 Temenos employees and partners ran 5km during our two Temenos events: Global Sales Meeting (GSM) 2018 in Lisbon and Temenos Community Forum (TCF) 2018 in Dublin to support this cause. The funds raised from these activities, along with the funds raised from the Client Voice surveys in 2018, 2019 and 2020, a total of USD 49,000, were used to fund this project.

Despite the challenges of Covid-19, all 345 members have completed their training covering areas such as: financial planning, borrowing and repaying credit, and building resilience to climate change. During the height of the pandemic, our trainers kept in touch with trainee entrepreneurs over phone calls and SMS, providing guidance on how to avoid the spread of Covid-19 and how to pivot to alternative income generating opportunities when supply chains were disrupted.

The training resumed in June 2020, but with severe damage done. 34% of enterprises supported by the project's branch in Tala, Machakos County – from where the project in Kivandini was implemented – were forced to close as a result of Covid-19 restrictions. Across Kenya, the project members saw a 67% drop in business income, as well as a 69% drop in savings, as members turned to their reserves to cope.

In response, the Community Trainers focused on enrolling project members, so that Kivandini's Business Relationship Officer could concentrate efforts on providing the people of Kivandini with training to launch a business and generate a much-needed boost in income. Program members completed training in climate resilient practices, so that they may launch enterprises that can thrive in the semi-arid terrain of Machakos County, which is increasingly hit by famine as a result of climate change. Some examples of climate resilient practices flagged by this project as particularly effective for Machakos County were:

» Agroforestry – a land management approach that combines trees and shrubs with crop and livestock farming systems to increase yields and soil health.
» Crop rotation – introducing different crop varieties sequentially to a plot to improve soil health.
» Sustainable animal grazing – practicing well-managed grazing that protects available green leaf.

These climate resilient farming methods – for which the county's conditions are well suited – will lead to more resilient and healthier soils that are better able to withstand climate events such as floods and droughts. In addition to protecting the local environment, the result is more productive farms, more nutritious crops and stronger incomes for farmers.

To help the members get their enterprises back up and running following Covid-19, the team also provided "asset loans". These are business tools, equipment and animals, which are provided through Hand in Hand's credit facility in Kenya, the "Enterprise Incubation Fund". Items provided included dairy goats, irrigation kits and 'chaff cutters' (to cut straw and make it suitable for animal fodder).

CASE STUDY:

The journey of Samburu women Community-Based Organizations

The Kenya CSR program helped Samburu women become more self-sufficient and start their own businesses. Community-Based Organizations (CBOs), where individual entrepreneurs come together, remain one of the best vehicles for project members to collectively market their products and increase their bargaining power with buyers, achieving economies of scale. Groups that were willing and able to register formally as CBOs were assisted to do so, ensuring sustainability beyond the project.

Samburu women CBO consists of 45 project members; 43 of which are women, two are men and 28 are youth. Being in a community that is male dominated, the Samburu women have limited access to core income generating activities, such as livestock keeping, owning land or running businesses. The program team mobilized Samburu women to the project in various groups. Initially, the members were hesitant but after being trained on group mobilization, they embraced working and learning together and even registered the groups formally. Over time, they have learnt from the savings module and conducted table banking, where each member contributes a small amount of savings at each fortnightly group meeting. These group savings finance most of our new members' businesses.

After the enterprise training module was delivered, the groups started a beadwork making enterprise to sell in local markets. The groups are now a growing CBO and have strengthened their table banking to revolving funds of KSH 48,500 (USD 425) upwards, after increasing their individual monthly contribution from KSH 100 (USD 0.88) to KSH 200 (USD 1.75).

Josephine Nangida, Chair of one group said, "We never understood the benefits of coming together to learn and grow our enterprises. We were afraid of embracing ways of making money as we believed our male counterparts could not allow us. It is unheard of for a Samburu woman to get income without permission from her husband. No one ever told us or made efforts to approach us and guide us on how to generate acceptable business ideas within our community until this program empowered us. We are quite grateful."

Activity	Progress from 17 Oct 2020 to 16 Oct 2021	End of project results	End of project target	Percentage of end of project target
Members recruited	184	345	345	100
Enterprises created	150	241	241	100
Jobs created in the community	192	314	314	100

CONTRIBUTING TO THE UN SDGS

Digital and financial inclusion and access to financial services are key enablers to reducing poverty and boosting prosperity. Digital is creating world-changing innovations, but also disrupting industry and how people work. At Temenos, we understand the need for sustainable financial inclusion and the development of healthy sustainable local financial markets and community-based banking with the use of modern digital technology and services. Our approach to support the development of healthy and productive local economies is to provide them with the necessary tools and skills to overcome poverty. Africa will provide the world with the next billion people, all of whom need to be freed from the limitations of the cash economy and informal finance. The internet and the mobile phone are the tools, and Temenos will continue to lead with financial technology to continue the mission.

In line with SDG Target 1.4, 1.5 and 13.3, the CSR Kenya program, together with Hand in Hand International, aimed to lift the entire community of Kivandini village, Kenya, including 345 people out of poverty in 27 months. Our aim was to enhance the community's financial literacy, provide training in training in climate resilient practices and improve access to financial services. Through this program, community self-help groups of trainee entrepreneurs, mainly women, received business training through bi-weekly training sessions, learning basic business skills. They also completed training in climate resilient farming practices, so that they may launch enterprises that can thrive in the semi-arid terrain of Machakos County, which is increasingly hit by famine as a result of climate change. Finally, we helped members grow their business by connecting them with larger markets, enabling them to source cheaper suppliers and more. More than 960 women, children and men will be lifted out of poverty through strengthened incomes. By increasing women's incomes, this program will provide greater food security and better nutrition for the members and their families; and more funds available for their children's education, and healthcare.

CASE STUDY:

Temenos Adopt-iT volunteering for digital inclusion during difficult times

Since 2017, our employees in India volunteer their time through the Adopt-iT program to teach and coach students coming from underprivileged backgrounds. In 2021, Temenos Adopt-iT volunteers continued to train and educate children, both on-site and remotely due to the Covid-19 emergency. Our employees spent over 170 hours with Adopt-iT students as they adjusted to the new normal, encouraging them to pursue their objectives and achieve progress in their lives.

"Through the Adopt-iT employee volunteering program, we distributed Covid-19 preventative kits to the students of the schools that we support in India, while continuing to coach them virtually."

Covid-19 pandemic has created a severe disruption in education while affecting enormously students' lives with closure of schools and universities. Our spirit and culture of Temenosity, alongside technology, contributed to support children from disadvantaged communities progressing in their lives. Through the Adopt-iT employee volunteering program, we distributed these Covid-19 preventative kits and Covid-19 educational materials to the students of the Adopt-iT schools that we support in India, in order to ensure they stay healthy and safe.

CASE STUDY:

Transitioning back to school

As educational institutions started to reopen at the end of December and in compliance with the Covid-19 protocol, Temenos provided "New normal and happiness" preventative kits to around 6,500 students and 400 employees from ten government schools and two government education offices in Chennai and Bangalore. The kits contained food supplies as well as masks, sanitizers, sanitizer stands, oximeters, temperature scanners, hand wash, disinfectant and dispensers.

CASE STUDY:

Emergency relief to hospitals

We also provided Covid-19 related medical supplies to seven hospitals in Chennai, Bangalore, and Hyderabad, assisting over 10,000 individuals.

CASE STUDY:

Temenos Adopt-iT program raising awareness about education and equality

Temenos is committed to finding ways to use technology to enable social change, by supporting disadvantaged local communities, with a special focus on girls. Education is one of the most powerful instruments for reducing poverty and inequality. We are focusing our actions on transforming the lives of individuals in these communities by improving their work skills and capabilities, promoting gender equality and inclusive education for all and helping them gain access to finance, healthcare and jobs. Raising awareness about quality and inclusive education for all, gender equality through education as well as empowering girls and women to enter STEM fields of study and careers, is a priority for the Temenos Adopt-iT program.

Priority area	Objective	Indicator	2021	2025 target
Investing in our Communities	Digital Inclusion and Innovation	Number of students reached/benefited through the Adopt iT CSR India program, since the program was launched	19,200	20,000
	Poverty Alleviation and Financial Inclusion	Kenya CSR program: Number of members mobilized, enterprises and jobs created in Kivandini village in Machakos County, Kenya by end of program in 2021	Target reached	345 members 241 enterprises 314 jobs
	Volunteering and Community Service	Percentage of volunteers (percentage of the total headcount of that year)	9.1%	10%
	Employee Fundraising and Corporate Matching	Percentage of India employee funds raised and Company matched – Adopt a Kid program	100%	100%

INVESTING IN OUR COMMUNITIES continued

International Education Day

The Temenos Adopt-iT program honored World Education Day on 25 January at Kumaran school for children and youth with special needs in India, in order to ensure that all children have the right to education and a sustainable and inclusive future. As we commemorated World Education Day, we will continue to assist students and actively participate in the digital transformation of education.

Temenos has a global presence in 39 countries. Supporting the local communities, where our people, clients and partners live during difficult times has been one of our CSR strategic areas for many years.

International Day of Women and Girls in Science: Event: Jr. Madam Curie Contest 2021

The Temenos Adopt-iT program celebrated International Day of Women and Girls in Science on 11 February with the goal of ensuring that women and girls have full and equal accessibility in science. The Jr Madam Curie Challenge was held in Chennai, India, in accordance with the UN SDG 4 (Quality Education) and Sustainable Development Goal 5 (Gender Equality), in order to raise awareness about the importance of quality education and to promote scientific temper among female students. The Jr. Madam Curie Challenge 2021 saw the practical applicability of a range of scientific principles, with over 31 female students showing great enthusiasm for their involvement. The jury was impressed by all of the scientific experiments and awarded five ideas.

International Children's Day

To commemorate Children's Day on 14 November, schools and other educational institutions participating in the Adopt-iT CSR program hosted drawing contests, seminars, workshops, speeches, and other related celebrations. The goal of the day was to raise awareness about children's rights and educational possibilities, as well as to provide children with a chance to speak out on issues that are important to their generation and to encourage adults to work together to create a better future.

In addition, the Temenos Adopt-it CSR program organized a fun virtual quiz event in November for the children of Temenos India employees in collaboration with Let's Get Quizzical (India partner) to honor International Children's Day. The competition was split into two parts: semi-finals and finals, as well as two age groups: juniors (for children aged 9 to 12) and seniors (for youth aged 13 to 18). A total of 57 young participants competed with enthusiasm, with three champions in each category from the preliminary rounds advancing to the final round. The questions were audio-visual in nature and covered a wide range of themes and made them think fast and outside the box in order to succeed.

CASE STUDY:

Support in times of need

Children's Emergency Hospital in Romania

Temenos has been demonstrating its commitment to children's health and the impact on their families, through its five year-long, ongoing support the Pediatric Cardiac Surgery Department at Bucharest's Gregor Alexandrescu Children's Emergency Hospital. In 2021,Temenos supported the "Save a Child's Heart" program, which diagnoses and treats children with heart abnormalities invasively. The program lays the groundwork for free cardiac surgery, which will ultimately save the lives of every child suffering from congestive heart failure.

Haiti Earthquake

On 14 August 2021, a 7.2 magnitude earthquake struck Haiti's southern peninsula. As part of Temenos' commitment to support local communities in need, the Company supported Fonkoze USA towards delivering much-needed supplies and hygiene kits to the people of Haiti in their time of need.

Lebanese Red Cross

Temenos has been supporting the Lebanese Red Cross to help individuals affected by the explosion in August 2021 in Beirut, Lebanon. The donation was intended to help the Lebanese Red Cross meet the urgent needs of the most vulnerable people affected by the blast by distributing food, water, masks and other necessities to those in need.

Greek Volunteer Firefighter Association

Multiple wildfires destroyed people's livelihoods as well as the ecosystem in the suburbs of Athens in Greece in August 2021, during an extreme heatwave. Temenos supported the efforts of Volunteer Firefighters, by providing funding for equipment, technology and training needed for similar cases.

Corporate monetary contributions and employee fundraising
Temenos encourages all employees to actively engage in community service and fundraising activities for a social cause of their choice for non-profit organizations, based in the countries where we operate, by giving them the chance to boost their fundraising efforts through corporate matching of the raised funds. The activities to be considered for corporate matching need to be aligned with the corporate CSR priorities.

Covid-19 employee fundraising – Australia
Temenos Asia Pacific employees organized a donations' page by partnering with UNICEF to raise funds and assist with the Covid-19 relief efforts in India. At the same time, a pizza party was organized to inform, raise awareness, and raise donations. The initial target was AUD 1,500 but the team managed to double that by raising AUD 3,012. Temenos matched the donation by an additional contribution.

CASE STUDY:

Kidney Research UK employee fundraising

A Temenos UK employee and her husband decided to go for a long walk (25 miles) with their dogs wearing traditional kilts in order to raise money for Kidney Research UK (KRUK). KRUK funds research that focuses on the prevention, treatment, and management of kidney disease with the goal of freeing lives from kidney disease. They raised a total of USD 1.563 and Temenos matched their contribution with an additional donation.

CASE STUDY:

Employee fundraising for Adopt a kid – India

"True Temenosity in action!"

Temenos India employees continue to support for the fifth consecutive year the Temenos Education Sponsorship program, Adopt a Kid. This program enables access to education to children with single or no parents and children below poverty line, who could not afford a decent education. Over the years, our India employees have expanded the program. In 2021, they supported 110 kids, 98 more compared to the program's launch. Since 2017, thanks to our employees' fundraising activities, USD 46,747 has been raised, enabling 266 children (127 boys and 139 girls) to go to school and escape poverty. Despite the fact that the Adopt a Kid-India program is an employee-led and funded initiative, Temenos recognized the significance of the employee efforts as well as the program's social impact, and committed to matching all employee donations this year, as part of its CSR program.

ADOPT A KID – INDIA 2017-2021 HIGHLIGHTS

USD 46,747

Raised by employees and matched by Temenos

266

Children were able to go to school and pursue their dreams

Number of children supported/year	Boys	Girls	Total
2017	8	4	12
2018	10	18	28
2019	18	29	47
2020	38	31	69
2021	53	57	110
Total	**127**	**139**	**266**

Funds raised in USD by Temenos India employees/year	Total USD
2017	**2,727**
Boy	1,773
Girl	954
2018	**6,545**
Boy	2,062
Girl	4,482
2019	**8,061**
Boy	2,773
Girl	5,288
2020	**9,375**
Boy	4,094
Girl	5,281
2021	**20,040**
Boy	9,028
Girl	11,012
Grand total	**46,747**

Award and recognition for Adopt-a-kid program
TheCSRUniverse awarded Temenos India with the award for the best CSR project, implemented during the Covid-19 pandemic as a Covid-19 Response initiative that made a significant impact in the "Education" category for the financial year 2020-21. 'TheCSRUniverse Covid-19 Response Impact Awards 2021' announced a total of 21 social sector organizations and corporates chosen for the 'Award of Excellence' for creating significant impact through their Covid-19 Response initiatives.

OUR TARGETS AT A GLANCE

Priority area	Objective	Indicator	2019	2020	2021	2025 target	2030 target
Achieving Business Excellence	Client Engagement	Client Voice: Number of participants from our clients compared to 2016 baseline (4,000)	7,000	8,800	10,007	12,000	
		Improve Client Satisfaction: Percentage points in the Net Promoter Score, since the metric was launched	+50p	+50p	+26pp	+55p	
Operating Responsibly	Ethical Business Conduct and Governance	Percentage of completion of Ethical Business Code of Conduct and mandatory trainings compliance	98.4%	99.8%	97.5%	>97%	
	Responsible Procurement	Sustainability assessment as part of the qualification and annual performance and risk assessment implemented to all focus categories of suppliers	73%	81%	100%	100%	
		Percentage of new or renewed focus categories of suppliers, providing goods or services with Supplier Code of Conduct applicable clause	15%	31%	100%	100%	
	Environment policy and Management	Roll out EMS to additional locations and increase the ISO 14001:2015 certification coverage	4 offices	6 offices	6 offices[1]	8 offices	
	Climate Change and Carbon Neutrality: Business Ambition for 1.5°C	Percentage of absolute Scope 1 and 2 GHG emissions reduction, compared to 2019 baseline			13.5%	25.2%	46.2%
		Percentage of per capita energy consumption for certified ISO 14001 offices, compared to 2018 baseline (first certification) reduction	2.3%	13%	35%	20%[2]	
		Percentage of per capita Scope 3 GHG emissions reduction, compared to 2019 baseline			77%[3]	12.1%	22.2%
		Percentage of annual sourcing of renewable energy, in all of Temenos operations (offices, owned and collocated Data Centers)			12.1%	80%	100%
		Percentage of annual sourcing of renewable electricity use in our offices	3.2%	4.2%	4.4%	10%	
		Get validation of Science-Based Targets (SBTi) for the reduction of GHG emissions				Target for FY2022	
		Organize sustainable and carbon neutral on-site events		1 event	No physical event due to Covid-19 restrictions	4 events[4]	
Investing in our People	Gender Diversity	Percentage of women in the Temenos total headcount	33%	34%	35%	36%	40%
	Employee Engagement and Recognition	Recognitions in Great Place to Work competitions (since first recognition)	5 recognitions	5 recognitions	5 recognitions	7 recognitions[5]	
Investing in our Communities	Digital Inclusion and Innovation	Number of students reached/benefited through the Adopt iT CSR India program, since the program was launched	8,300	10,200	19,200	20,000	
	Poverty Alleviation and Financial Inclusion	Kenya CSR program: Number of members mobilized, enterprises and jobs created by program end in 2021	67 (19%) 30 (12%) 41 (13%)	161 (47%) 91 (38%) 122 (39%)	345 (100%) 241 (100%) 314 (100%)	345 members 241 enterprises 314 jobs	
	Volunteering and Community Service	Percentage of volunteers (% of the total headcount of the year)	3.9%	10.5%	9.1%	10%	
	Employee Fundraising and Corporate Matching	Percentage of India employees' funds raised and Company matched – Adopt a Kid program	0%	0%	100%	100%	

1 Same as 2020: addition of UK, Fenchurch but the office in Luxembourg, Strassen was closed down in 2021.
2 To be re-evaluated after ISO14001 certification of Hyderabad offices in 2022.
3 Including only Business Travel and Employee Commute. In 2022, data will include all relevant Scope 3 categories aligned with the Science-Based Targets initiative.
4 To be re-evaluated upon resuming of on-site events.
5 Canceled due to Covid-19.

ABOUT THIS REPORT

Unless otherwise indicated, the information provided in this report reflects the situation as of 31 December 2021 and covers all Temenos operations globally during the financial year 2021. The report is prepared in accordance with the Global Reporting Initiatives (GRI) Standard Core option and is mapped to the Sustainability Accounting Standards Board (SASB) Software and IT Services Sustainability Accounting Standard. Please see our online GRI Standards Index for detailed data and additional information. In addition, it serves as Temenos' annual Communication on Progress under the United Nations (UN) Global Compact. This is our sixth Corporate Responsibility Report. No restatements were done. We have assured the content through an internal review process, including Board of Directors and executive oversight of reviews and validation. Apart from the internal review process, an independent third party, Grant Thornton S.A. has provided their assurance on Temenos CSR Report 2021. The scope of the assured information is indicated in the independent practitioner's assurance report. Our first report with GRI was published in 2017.

Temenos operates 62 offices in large, leased, multi-tenant buildings in 39 countries (including acquisitions). Temenos' energy reporting and corresponding Scope 1 and 2 emissions cover the time period from 1 December 2020 to 30 November 2021. In 2021, we measured and reported 99% of the total energy consumption and GHG emissions, excluding only a few individual small offices with limited headcount (ten people or less). The energy consumption of these offices includes all types of energy (renewable and non-renewable purchased grid electricity, natural gas, on-site generation) and represents actual consumption as reported on invoices from utility providers and management companies. Our Scope 1 emissions are due to direct natural gas consumption for heating, from diesel fuel consumption for on-site electricity generation and from fugitive emissions from the air-conditioning equipment. The Scope 1 fugitive emissions were calculated using our new sustainability software, taking into account the surface area of each office and the type of refrigerant. Our Scope 2 location-based emissions are a result of the consumption of purchased electricity from local grids. Our Scope 2 market-based emissions were calculated taking into account the green energy products from local utility providers, as well as the residual mix values for each location where available.

Calculation is based on building electricity invoices and includes offices, common areas and owned Data Centers. Our Scope 3 business travel-related emissions from flights cover the financial year 2021 and all the countries where Temenos operates, representing 100% of the total employee concentration. The data were collected from the Company travel management system as well as travel agency providers.

In 2021, due to the ongoing Covid-19 restrictions, same as 2020, we did not conduct an employee commute survey. We estimated our Scope 3 employee commute-related emissions, based on the 2019 survey and on a monthly tracking tool used in all our office locations. In 2019, our Scope 3 employee commute-related emissions were gathered through an online, global, internal employee survey. The response rate was 92%. 3% (200 employees) of the total headcount were exempt from this requirement due to job role (teleworking and not commuting to an office) or long-term leave reasons (sickness, maternity). The remaining 5% was calculated based on extrapolation. The survey covered various aspects such as distance between home and the office, modes of transport – private vehicles, mass transit, cycling, carpooling, walking, fuel efficiencies of private vehicles used, average number of work from home or client locations. The data gathered cover private vehicles owned by our employees, since the Company does not provide any Company cars. The emissions have been calculated based on fuel efficiency, total distance traveled, fuel types and characteristics and emissions factor for the fuel used.

Energy and emissions calculations follow the Greenhouse Gas Protocol with reference to ISO 14064:2006 – 'Greenhouse gases, Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. In the report, the metric ton/UK ton equivalent to 1,000 kilograms is stated solely as ton. Emissions are calculated based on the miles flown using one DEFRA emissions' factor. All GHG emissions figures are in tons of carbon dioxide equivalents (tCO_2e). Renewable energy, which corresponds to 4.4% of total electricity consumption, is valid only with an official certificate or written confirmation from the electricity supplier. Our water consumption covers 89.3%, and the generated waste covers 100% (estimation based on extrapolation from actual data received from 70%) of the total Temenos population (excluding population working in serviced offices with less than ten employees). The intensity ratios were calculated, based on monthly average consumptions of energy/water per average monthly employee headcount for the period December 2020 to November 2021.

Our headcount-related figures and diversity dashboard are based on the GRI and SASB Standards, S&P Global CSA and Bloomberg GEI requirements and cover all Temenos operations globally, in full alignment with the Annual Report and Financial Statements section. The data sources are the corporate internal IT and HR systems, which provide data on full-time and part-time employees and permanent and temporary employees.

When referring to Governance Bodies, we include: Board of Directors, Executive Committee and Leadership team.

All references to currency are in USD unless otherwise stated.

Contact

The 2021 Temenos CSR Report explains our policies, procedures, programs and performance on our material, environmental, social and governance (ESG) issue areas as well as how we address other important CSR issues. We welcome your feedback on the activities and programs described in the report, as well as the issues you expect to see addressed in the future. Please email your comments to the below address.

Kalliopi Chioti
Chief ESG Officer

Tel.: +41 22 708 11 50

csr@temenos.com

INDEPENDENT ASSURANCE REPORT

To the Board of Directors of TEMENOS

The Board of Directors of Temenos S.A. (the "Company") engaged "GRANT THORNTON S.A. CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS" ("Grant Thornton") to review selected non-financial/sustainability data included in the Annual Report of Temenos (in section Operating Responsibly) for the fiscal year ended on December 31, 2021 ("selected data"), in accordance with the Global Reporting Initiative (GRI) Standards ("GRI-Standards"), developed by the Global Sustainability Standards Board (GSSB), GRI's independent standard-setting body, and the Sustainability Accounting Standards Board (SASB) Software and IT Services Sustainability Accounting Standard. For the purposes of this Report, Temenos encompasses the 62 offices which operates in 39 countries. There is an exception to the environmental data presented in the Report, as the Company measured and reported 99% of the total energy consumption and GHG emissions, excluding only a few individual small offices with limited headcount (10 people or less).

Scope

We performed our engagement in accordance with the provisions of "International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"). The Company engaged us to provide limited assurance on:

- » the preparation of the section "Operating Responsibly" of the Temenos Annual Report 2021 in accordance with all General Disclosures prescribed by the "Core" option of the GRI Standards.
- » the accuracy and completeness of qualitative data relate to GRI General Disclosures and to Sustainability Accounting Standards Board (SASB) – where referred – in respect of the following quantitative indicators, linked to the Company's material issues and presented in the section "Operating Responsibly" of the Temenos Annual Report 2021:
  - ✓ 201-1 Direct economic value generated and distributed
  - ✓ 203-1 Infrastructure investments and services supported
  - ✓ 204-1 Proportion of spending on local suppliers
  - ✓ 205-2 Communication and training about anti-corruption policies and procedures
  - ✓ 302-1 Energy consumption within the organization
  - ✓ SASB TC-SI-130a.1 Energy consumption within the organization
  - ✓ 302-3 Energy intensity
  - ✓ 302-4 Reduction of energy consumption
  - ✓ 303-1 Interactions with water as a shared resource
  - ✓ SASB TC-SI-130a.2 Total water consumption
  - ✓ 303-3 Water withdrawal
  - ✓ 305-1 Direct (Scope 1) GHG emissions
  - ✓ 305-2 Energy indirect (Scope 2) GHG emissions
  - ✓ 305-3 Other indirect (Scope 3) GHG emissions
  - ✓ 305-4 GHG emissions intensity
  - ✓ 308-1 New suppliers that were screened using environmental criteria
  - ✓ 401-1 New employee hires and employee turnover
  - ✓ 401-3 Employees parental leave
  - ✓ 404-1 Average hours of training per year per employee
  - ✓ 404-3 Percentage of employees receiving regular performance and career development reviews
  - ✓ SASB TC-SI-330a.2 Satisfaction level of employees
  - ✓ 405-1 Diversity of governance bodies and employees
  - ✓ SASB TC-SI-330a.3 Gender and racial/ethnic group
  - ✓ 414-1 New suppliers that were screened using social criteria Temenos
  - ✓ Temenos KPI1 Percentage of revenue spend on R&D Temenos
  - ✓ Temenos KPI2 Client Satisfaction: improvement by % points and Client Voice: Number of participants annually and Net Promoter score
  - ✓ GRI content index: General disclosures and SASB metrics.

We read the other information included in the Report and considered whether it was consistent with the Sustainability Data. We considered the implications for our report in the case that we became aware of any apparent misstatements or material inconsistencies with the sustainability Information. Our responsibilities do not extend to any other information as our engagement was limited to the information listed above.

Management Responsibility

The Temenos Management is responsible for the preparation and presentation of the selected sustainability data provided to us, as incorporated in the Annual Report 2021, as well as for the completeness and accuracy of these data. Furthermore, the Management is responsible for maintaining records and adequate internal controls that are designed to support the reporting process.

Grant Thornton Responsibility

Our responsibility is to carry out a limited assurance engagement and to express our conclusions based on the procedures carried out for the selected data, as described in the "Scope" section. The procedures we carried out were designed to provide limited assurance, as specified in ISAE 3000, based on which we have shaped the conclusion to our engagement. These procedures are not as extensive as those required for providing reasonable assurance; consequently, a lower level of assurance is obtained. Our responsibility is limited to the information related to the fiscal year that ended on December 31, 2021, as these were included in the Temenos Annual Report 2021. To the extent it is permitted by the legislation in force, we neither accept nor assume any responsibility for our engagement or this report towards anyone other than the Company, unless the terms have been agreed explicitly in writing, with our prior consent.

Limitations

- » To conduct our work, we relied exclusively on the information provided to us by Temenos executives, which we accepted in good faith as being complete, accurate, real and not misleading. Therefore, we did not submit it to any verification procedures, apart from the procedures explicitly stated in our Report and which arise from our mutually agreed methodology.
- » Our engagement was limited to the English version of the report.
- » No work has been conducted on data for previous reporting periods, as well as on data related to forecasts and targets.
- » No work has been conducted on anything other than the agreed scope and consequently, our opinion is limited to that scope.

Work conducted

The procedures followed with regard to the selected data included:

- » Interviewed key personnel responsible for the preparation of the "Operating Responsibly" section of the Annual Report 2021, in order to understand key governance structures, systems, processes, controls and their level of understanding of the information included in Temenos Annual Report 2021;
- » Identified existing internal processes related to application of ESG policies;
- » Applied assurance procedures, on a sample basis, in order to collect and review evidence;
- » Reviewed the GRI Content Index, as well as the relevant references included therein, against our scope of work.

Independence

Grant Thornton implements the requirements of International Standard on Quality Control 1. Based on this, Grant Thornton maintains an integrated quality control system that includes policies and procedures for compliance with moral principles, professional standards and relevant legal and regulatory requirements. We comply with the independence requirements and other ethical standards of the IFAC Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, impartiality, professional adequacy, confidentiality and professional conduct. In this context, the assurance team is independent from the Company and has not participated in the preparation of the Temenos Annual Report 2021.

Conclusions

Based on the procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that the specific key performance indicators included in the Temenos Annual Report 2021, as described in the section "Scope", are materially misstated and the section "Operating Responsibly" of the Temenos Annual Report 2021 does not meet the requirements of all the General and Specific Disclosures prescribed by the GRI Standards, in accordance "Core" option.

Athina Moustaki
Athens, 24/03/2022
The Chartered Accountant
CPA (GR) Reg. No.28871
Grant Thornton

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY
- Enabling Access to Financial Services
- Investing in Our Communities

4 QUALITY EDUCATION
- Investing in Our Communities

5 GENDER EQUALITY
- Investing in Our People
- Enabling Access to Financial Services
- Investing in Our Communities

6 CLEAN WATER AND SANITATION
- Investing in Our Communities

7 AFFORDABLE AND CLEAN ENERGY
- Investing in Our Communities
- Operating Responsibly

8 DECENT WORK AND ECONOMIC GROWTH
- Investing in Our People
- Enabling Access to Financial Services
- Investing in Our Communities

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- Operating Responsibly
- Enabling Access to Financial Services

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- Operating Responsibly
- Investing in Our People

13 CLIMATE ACTION
- Operating Responsibly
- Investing in Our Communities

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- Operating Responsibly

17 PARTNERSHIPS FOR THE GOALS
- Operating Responsibly
- Investing in Our Communities

Our commitments strongly align with the UN SDGs. We support the UN SDGs and publicly report ways in which we are contributing to the global effort to achieve the SDGs.

SUSTAINABLE DEVELOPMENT GOALS

	Temenos material issue	Relevant SDGs	Relevant SDG target	Relevant SDG indicator	Description
1	Business Performance	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8.2 9.4 9.B 12.6	8.2.1 9.4.1 9. B 12.6.1	Revenue, Value added, Net value added Number of companies publishing sustainability reports
2	Technology and Product Innovation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.5	9.5.1	Total amount of expenditures on research and development by the reporting entity during the reporting period in percentage terms
3	Client Engagement	na			
4	Ethical Business Conduct and Governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5	16.5.2	Average number of hours of training in anti-corruption issues per employee per year (as total hours of training in anti-corruption issues per year divided by total employees)
5	Information Security, Cybersecurity, Data Privacy and Business Continuity	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.10	na	Total number of substantiated complaints received concerning breaches of customer privacy
6	Responsible Procurement	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.3	9.3.1	Proportion of procurement spending of a reporting entity at local suppliers in percentage terms Proportion of spending on local suppliers at significant locations of operation
7	Environmental Management and Awareness	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	12.2 12.5 13.3 13.B	12.2.1 12.5.1	Environmental policy, Awareness and Management, Energy Efficiency and Carbon Neutrality, Sustainable and Carbon Neutral Event Planning, Energy Intensity, Total weight of waste by type and disposal method

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS continued

Temenos material issue	Relevant SDGs	Relevant SDG target	Relevant SDG indicator	Description
8 Climate Change and Carbon Neutrality	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	7.2 7.3 12.2	7.2.1 7.3.1 12.2.1	Energy consumption, Energy Intensity and GHG emissions Location-specific data: Water consumption
9 Diversity and Inclusion	5 GENDER EQUALITY	5.5	5.5.2	Number of women in managerial positions to total number of employees (in terms of headcount or FTE) Total number and rate of new employee hires during the reporting period, by employment type, age group, gender and region
10 Talent and Development	4 QUALITY EDUCATION	4.3	4.3.1	Training and development – Training hours by gender and departments Average hours of training that the organization's employees have undertaken during the reporting period, by: i. Gender; ii. Employee category
11 Human Rights	5 GENDER EQUALITY	5.5	5.5.2	Number and percentage of women Board members
	8 DECENT WORK AND ECONOMIC GROWTH	8.8	8.8.2	Number of employees covered by collective agreements to total employees (in terms of headcount or FTE)
12 Community Investment and Employee Volunteering	17 PARTNERSHIPS FOR THE GOALS	17.17	17.17.1	Total amount of charitable/voluntary donations and investments of funds (both capital expenditure and operating ones) in the broader community where the target beneficiaries are external to the enterprise incurred in the reporting period in absolute amount and in percentage terms Initiatives to enhance financial literacy by type of beneficiary
13 Financial Inclusion	1 NO POVERTY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	1.4 9.3		Number of MSMEs and/or smallholders who have benefited from the Company's investments to upgrade production and services along the value chain. Provide details on value created for poorest stakeholders » Inclusion of MSMEs into value chain and local purchasing » Innovative financing mechanisms » Financial inclusion Initiatives to improve access to financial services for disadvantaged people

UN GLOBAL COMPACT INDEX

The table below describes the location of relevant report content for each of the UN Global Compact's ten principles.

Principle	Description	Report section	GRI standards/ SASB metrics
Human rights			
1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Investing in Our People	412-2
2	Make sure they are not complicit in human rights abuses.	Investing in Our People	406-1
Labor			
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Investing in Our People	102-41
4	The elimination of all forms of forced and compulsory labor;	Investing in Our People	409-1
5	The effective abolition of child labor; and	Investing in Our People	408-1
6	The elimination of discrimination in respect of employment and occupation.	Investing in Our People	401-1, 404-1, 404-3, 405-1, 406-1/ TC-SI-330a.3
Environment			
7	Businesses should support a precautionary approach to environmental challenges;	Operating Responsibly	302-1, 302-3, 302-4, 303-3, 305-1, 305-2, 305-3, 305-4, 306-3, 306-4, 306-5/ TC-SI-130a.1, TC-SI-130a.2, TC-SI-130a.3
8	Undertake initiatives to promote greater environmental responsibility; and	Operating Responsibly	302-1, 302-3, 302-4, 303-3, 305-1, 305-2, 305-3, 305-4, 306-3, 306-4, 306-5, 308-1/ TC-SI-130a.1, TC-SI-130a.2, TC-SI-130a.3
9	Encourage the development and diffusion of environmentally-friendly technologies.	Operating Responsibly	302-1, 302-3, 302-4, 303-3, 305-1, 305-2, 305-3, 305-4, 306-3, 306-4, 306-5, 308-1/ TC-SI-130a.3
Anti-corruption			
10	Businesses should work against corruption in all its forms, including extortion and bribery.	Operating Responsibly	102-16, 102-17, 205-2, 205-3, 206-1

GRI CONTENT INDEX

The report is prepared in accordance with the Global Reporting Initiatives (GRI) Standard Core option and is mapped to the Sustainability Accounting Standards Board (SASB) Software and IT Services Sustainability Accounting Standard.

The table below describes the location of relevant report content correlating to the Global Reporting Initiative's GRI Standards. While most information is found in this report, other primary sources include Temenos Business Code of Conduct, Slavery and Human Trafficking Statement and our corporate website: www.temenos.com.

General disclosures/SASB Metrics		Reference	External assurance
Organizational profile			
GRI 102: General Disclosures SASB: Recruiting and Managing a Global, Diverse and Skilled Workforce	102-1 Name of the organization	Annual Report: Overview; About Temenos	V
	102-2 Activities, brands, products, and services	Annual Report: Overview; About Temenos	V
	102-3 Location of headquarters	About Temenos; About this Report; Annual Report: Overview, Governance, Financial Statements	V
	102-4 Location of operations	About Temenos; About this Report; Annual Report: Overview, Governance, Financial Statements	V
	102-5 Ownership and legal form	About Temenos; About this Report; Annual Report: Overview, Governance, Financial Statements	V
	102-6 Markets served TC-SI-000.A	About Temenos; About this Report; Annual Report: Overview, Governance, Financial Statements	V
	102-7 Scale of the organization TC-SI-330a.3 (gender only)	About Temenos; About this Report; Diversity, Inclusion and Equal Opportunity; Diversity Dashboard; Annual Report: Overview, Governance, Financial Statements	V
	102-8 Information on employees and other workers TC-SI-330a.3	Investing in Our People; no seasonal variations	V
	102-9 Supply chain	Responsible Procurement	V
	102-10 Significant changes to the organization and its supply chain	About Temenos; About this Report; Annual Report: Overview, Governance, Financial Statements	V
	102-11 Precautionary principle or approach	Annual Report: Responsible Risk Management; Environmental Responsibility	V
	102-12 External initiatives	Our Endorsements	V
	102-13 Membership of associations	Our Endorsements	V
Strategy			
GRI 102: General Disclosures SASB: Data Security SASB: Managing Systemic Risks from Technology Disruptions	102-14 Statement from senior decision-maker	Message from the CEO	V
	102-15 Key impacts, risks, and opportunities TC-SI-230a.2 TC-SI-550a.2	Annual Report: Responsible Risk Management; International Standards and Certifications; Information Security, Data Privacy and Business Continuity; Environmental Responsibility	V
Ethics and integrity			
GRI 102: General Disclosures	102-16 Values, principles, standards and norms of behavior	Our CSR and Sustainability Approach; Ethical Business Conduct and Governance	V
	102-17 Mechanisms for advice and concerns about ethics	Ethical Business Conduct and Governance	

General disclosures/ SASB Metrics		Reference	External assurance
Governance			
GRI 102: General Disclosures	102-18 Governance Structure	Annual Report: Governance	V
	102-19 Delegating Authority	Annual Report: Governance	
	102-20 Executive-level responsibility for economic, environmental and social topics	Annual Report: Governance	
	102-22 Composition of the highest governance body and its committees	Annual Report: Governance	
	102-23 Chair of the highest governance body	Annual Report: Governance	
	102-24 Nominating and selecting the highest governance body	Ethical Business Conduct and Governance; Annual Report: Governance; Website: Corporate Governance	
	102-25 Conflicts of Interest	Conflict of Interest and Related Party Transactions	
	102-32 Highest governance body's role in sustainability reporting	Ethical Business Conduct and Governance; Annual Report: Governance; Website: Corporate Governance	
	102-35 Remuneration Policies	Annual Report: Governance	
	102-36 Process for determining remuneration	Annual Report: Governance	V
	102-37 Stakeholders' involvement in remuneration	Annual Report: Governance	
Stakeholder engagement			
GRI 102: General Disclosures	102-40 List of stakeholder groups	Stakeholder Engagement	V
	102-41 Collective bargaining agreements	Employee Relations	V
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement	V
	102-43 Approach to stakeholder engagement	Stakeholder Engagement	V
	102-44 Key topics and concerns raised	Stakeholder Engagement; Materiality Analysis	V
Reporting practice			
GRI 102: General Disclosures	102-45 Entities included in the consolidated financial statements	About this Report	V
	102-46 Defining report content and topic Boundaries	About this Report; Materiality Analysis	V
	102-47 List of material topics	About this Report; Materiality Analysis	V
	102-48 Restatements of information	About this Report	V
	102-49 Changes in reporting	About this Report	V
	102-50 Reporting period	About this Report	V
	102-51 Date of most recent report	About this Report; March 2021	V
	102-52 Reporting cycle	About this Report; Annual	V
	102-53 Contact point for questions regarding the report	About this Report; Contact	V
	102-54 Claims of reporting in accordance with the GRI Standards	GRI content index; Core	V
	102-55 GRI content index	GRI content index; Core	V
	102-56 GRI External assurance	Independent Assurance Report	V

GRI CONTENT INDEX continued

Material topics		Reference	External assurance
Business performance			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Annual Report: Financial Statements	V
	103-2 The management approach and its components	Annual Report: Financial Statements	V
	103-3 Evaluation of the management approach	Annual Report: Financial Statements	V
GRI 201: Economic Performance 2019	201-1 Direct economic value generated and distributed	Economic Impact; Annual Report: Financial Statements	V
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report: Governance, Financial Statements	
	201-4 Financial assistance received from government	Economic Impact	
Social responsibility and community investment			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Community Investment; Responsible Procurement	V
	103-2 The management approach and its components	Community Investment; Responsible Procurement	V
	103-3 Evaluation of the management approach	Community Investment; Responsible Procurement	V
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Community Investment	V
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Responsible Procurement	V
Ethical business conduct and governance			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Compliance Program; Elimination of Discrimination and Prevention of Harassment; Ethical Business Conduct Monitoring and Reporting; Environmental Responsibility	V
	103-2 The management approach and its components	Compliance Program; Elimination of Discrimination and Prevention of Harassment; Ethical Business Conduct Monitoring and Reporting; Environmental Responsibility	V
	103-3 Evaluation of the management approach	Compliance Program; Elimination of Discrimination and Prevention of Harassment; Ethical Business Conduct Monitoring and Reporting; Environmental Responsibility	V
GRI 205: Anti-Corruption	205-2 Communication and training about anti-corruption policies and procedures	Compliance Program	V
	205-3 Confirmed incidents of corruption and actions taken	No confirmed incidents	
GRI 206: Anti-Competitive Behavior SASB: Intellectual Property Protection and Competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices TC-SI-520a.1	Compliance Program	
GRI 406: Non-Discrimination	406-1 Incidents of non-discrimination and corrective actions taken	Elimination of Discrimination and Prevention of Harassment; Ethical Business Conduct Monitoring and Reporting	
GRI 419: Socioeconomic Compliance	419-1 Non-Compliance with laws and regulations in the social and economic area	Environmental Responsibility	

Material topics		Reference	External assurance
Tax Strategy and Governance			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Corporate Website: Tax Strategy and Governance	
	103-2 The management approach and its components	Corporate Website: Tax Strategy and Governance	
	103-3 Evaluation of the management approach	Corporate Website: Tax Strategy and Governance	
GRI 207: Tax	207-1 Approach to tax	Corporate Website: Tax Strategy and Governance	
	207-2 Tax governance, control, and risk management	Corporate Website: Tax Strategy and Governance	
	207-3 Stakeholder engagement and management of concerns related to tax	Corporate Website: Tax Strategy and Governance	
Energy			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Environmental Responsibility	V
	103-2 The management approach and its components	Environmental Responsibility	V
	103-3 Evaluation of the management approach	Environmental Responsibility TC-SI-130a.3	V
GRI 302: Energy SASB Environmental Footprint of Hardware Infrastructure	302-1 Energy consumption within the organization TC-SI-130a.1	Environmental Responsibility	V
	302-3 Energy Intensity	Environmental Responsibility	V
	302-4 Reduction of energy consumption	Environmental Responsibility	V
Water			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Environmental Responsibility	V
	103-2 The management approach and its components	Environmental Responsibility	V
	103-3 Evaluation of the management approach	Environmental Responsibility	V
GRI 303: Water	303-1 Interactions with water as a shared resource	Environmental Responsibility	V
SASB Environmental Footprint of Hardware Infrastructure	303-3 Water withdrawal TC-SI-130a.2	Environmental Responsibility	V
Waste			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Environmental Responsibility	
	103-2 The management approach and its components	Environmental Responsibility	
	103-3 Evaluation of the management approach	Environmental Responsibility	
GRI 306: Waste	306-3 Waste generated	Environmental Responsibility	
	306-4 Waste diverted from disposal	Environmental Responsibility	
	306-5 Waste directed to disposal	Environmental Responsibility	
Emissions			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Environmental Responsibility	V
	103-2 The management approach and its components	Environmental Responsibility	V
	103-3 Evaluation of the management approach	Environmental Responsibility	V

GRI CONTENT INDEX continued

Material topics		Reference	External assurance
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Environmental Responsibility	V
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Responsibility	V
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Responsibility	V
	305-4 GHG emissions intensity	Environmental Responsibility	V
Responsible procurement			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Responsible Procurement	V
	103-2 The management approach and its components	Responsible Procurement	v
	103-3 Evaluation of the management approach	Responsible Procurement	V
GRI 308: Supplier Environmental Assessment	308-1 Percentage of new suppliers that were screened using environmental criteria	Responsible Procurement	V
GRI 414: Supplier Social Assessment	414-1 New Suppliers that were screened using social criteria	Responsible Procurement	V
Talent and development			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Talent and Development; Employee Experience	V
	103-2 The management approach and its components	Talent and Development; Employee Experience	V
	103-3 Evaluation of the management approach	Talent and Development; Employee Experience	V
GRI 404: Training and Education SASB: Recruiting and Managing a Global, Diverse and Skilled Workforce	404-1 Average hours of training per year per employee	Talent and Development	V
	404-3 Percentage of employees receiving regular performance and career development reviews TC-SI-330a.2	Talent and Development; Employee Experience	V
Diversity and inclusion			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Investing in Our People; Diversity Dashboard; Diversity, Inclusion and Equal Opportunity	V
	103-2 The management approach and its components	Investing in Our People; Diversity Dashboard; Diversity, Inclusion and Equal Opportunity	V
	103-3 Evaluation of the management approach	Investing in Our People; Diversity Dashboard; Diversity, Inclusion and Equal Opportunity	V
GRI 401: Employment	401-1 New employee hires and employee turnover	Investing in Our People; Diversity Dashboard	V
	401-3 Employees parental leave	Investing in Our People	V
GRI 405: Diversity and Equal Opportunity SASB: Recruiting and Managing a Global, Diverse and Skilled Workforce	405-1 Diversity of governance bodies and employees TC-SI-330a.3 (gender and racial/ethnic group)	Diversity, Inclusion and Equal Opportunity; Diversity Dashboard	V

Material topics		Reference	External assurance
Human rights			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Human Rights; Against Forced and Child Labor; Business Code of Conduct; Corporate Policies	
	103-2 The management approach and its components	Human Rights; Against Forced and Child Labor; Business Code of Conduct; Corporate Policies	
	103-3 Evaluation of the management approach	Human Rights; Against Forced and Child Labor; Business Code of Conduct; Corporate Policies	
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Rights; Against Forced and Child Labor; Responsible Procurement	
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights; Against Forced and Child Labor; Responsible Procurement	
GRI 412: Human Rights Assessment	412-2 Employee training on human rights policies or procedures	Human Rights; Business Code of Conduct; Corporate Policies	
Data privacy			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Information Security and Data Privacy; International Standards and Certifications	
	103-2 The management approach and its components	Information Security and Data Privacy; International Standards and Certifications	
	103-3 Evaluation of the management approach	Information Security and Data Privacy; International Standards and Certifications	
GRI 418: Customer Privacy SASB: Data Security	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data TC-SI-230a.1	Information Security, Data Privacy and Business Continuity	
SASB: Data Privacy and Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy TC-SI-220a.1	Information Security, Data Privacy and Business Continuity	
	Number of users whose information is used for secondary purposes TC-SI-220a.2	Information Security, Data Privacy and Business Continuity	
	Total amount of monetary losses as a result of legal proceedings associated with user privacy TC-SI-220a.3	Information Security, Data Privacy and Business Continuity	
	1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure TC-SI-220a.4	Information Security, Data Privacy and Business Continuity	
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring TC-SI-220a.5	Information Security, Data Privacy and Business Continuity	
Technology and innovation			
Temenos 1	% of revenue spend on R&D	Annual Report: Overview – Research and Development; Innovation and Technology	V
Client focus			
Temenos 2	Client Satisfaction: improvement by % points	Focus on Client Engagement	V
	Client Voice: Number of participants annually and Net Promoter score	Focus on Client Engagement	V

BOARD OF DIRECTORS

FORWARD-LOOKING LEADERSHIP

1

2

3

4

5

6

7

8


Andreas Andreades 1

Executive Chairman

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 8,500 and to more than 3,000 clients generating approximately USD 1 billion in annual revenues and achieving a market capitalization of circa USD 10 billion (as at 31 December 2021), establishing it as the global leader in banking software. Since 2003 the market capitalization of Temenos has grown by 262 times or a compound average of 34% per annum.

Mr. Andreades holds a Master's engineering degree from the University of Cambridge and is a United Kingdom qualified chartered accountant.

As Executive Chairman, Mr. Andreades supports, advises, counsels and provides guidance to the Executive Committee, especially to the Chief Executive Officer and Chief Financial Officer. He also regularly attends product-related meetings where product strategy and funding are decided and execution is monitored. Acknowledging the importance of ESG matters, Mr. Andreades is also acting as the Board executive sponsor for ESG matters and is a member of the Nomination & ESG Committee.

The Chairman is very heavily involved in acquisitions and in key client/prospect relationships that often require the Chief Executive Officer's and/or Chairman's participation to bring key deals to fruition as well as representing Temenos on key project deliveries through Steering Committee representation. He therefore works full time in an executive capacity and is jointly responsible together with the Chief Executive Officer and Chief Financial Officer to the Board of Directors for the development and delivery of the strategic plan and the annual business and financial plan.

Ian Cookson 2

Independent and Non-Executive Director

Swiss, born in 1947

Mr. Ian Cookson has been active in the financial services sector for over 40 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).

Acknowledging the importance of the sustainability and CSR strategy (ESG matters), Mr. Cookson is chairing the Nomination & ESG Committee which is now also considering the strategy and targets for ESG matters and overseeing the ESG reporting.

Thibault de Tersant 3

Vice-Chairman, Independent and Non-Executive Director

French, born in 1957

Mr. Thibault de Tersant was a member of the Board of Dassault Systèmes from 1993 until July 2020 and he was CFO from 1988 until 2018. He has also been executive vice-president 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 5 billion. 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 and overviews various Dassault Systèmes business assignments. He is also co-chair of the Dassault Systèmes sustainability committee and Chairman of the Dassault Systèmes Foundation. He has more than 30 years of experience in the software industry. Mr. de Tersant is an independent Board member of Peugeot Invest, a French listed investment company. He is also a member of the Board and Executive Committee of Numeum, the French syndicate of companies working in the digital domain.

Mr. Thibault de Tersant is a graduate of the ESSEC Business School and of the Institut d'Etudes Politiques de Paris.

Erik Hansen

4

Independent and
Non-Executive Director

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.

Peter Spenser

5

Independent and
Non-Executive Director

British and American, born in 1954

Dr. Peter Spenser has over 40 years of experience in the financial services sector and technology.

Until June 2016 Dr. Peter Spenser 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, Dr. Spenser 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.

Homaira Akbari

6

Independent and
Non-Executive Director

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) and Landstar System, Inc. (NASDAQ: LSTR), where she has been a member of the Compensation Committee since 2013.

Dr. Akbari has held senior management roles in Fortune 1000 companies including Microsoft, Thales and Liberty Media subsidiary, Trueposition. She served as the President and CEO of SkyBitz, Inc., a leading provider of remote asset tracking and security solutions, winning the "Global Impact Award" as part of the Women in Technology (WIT) 2012 Awards. 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 Santander Consumer USA (NYSE: SC) from 2020 to January 2022, Veolia Environment (EN: VIE Euros 26+ 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.

Dr. Akbari has been active in and a contributor to many non-profit organizations. She is currently a member of Business Board of Advisors for Carnegie Mellon University Tepper School of Business. She was the inaugural Chair of the Johns Hopkins University Physics and Astronomy Advisory Council from 2012-2018. She has established Homaira Akbari Fellowship Endowment at Carnegie Mellon University and Akbari-Mack Postdoctoral at the Johns Hopkins University. She is a member of the Board of Trustees of FIAF.org, a not-for-profit organization with the mission to promote French culture, art and language.

Dr. Akbari holds a Ph.D. in Particle Physics from Tufts University and an MBA from Carnegie Mellon Tepper School of Business. She is the author of numerous scientific and business articles in international journals, has two patents in IoT/M2M and is a frequent speaker at industry conferences.

Maurizio Carli

7

Independent and
Non-Executive Director

Italian, born in 1958

Mr. Maurizio Carli served as strategy advisor to VMware until July 2020, 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, he served as Corporate Senior Vice President and General Manager for two of VMware's three sales regions between 2008 and 2015. Mr. Carli was Senior Vice President and General Manager, EMEA at Business Objects prior to joining VMware. In his early career, he 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 as an independent board member for Blueprism and Telecom Italia. He 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.

James Benson

8

Independent and
Non-Executive Director

American, born in 1966

Mr. James Benson is a global finance executive with significant experience in enabling public technology companies to grow and scale their businesses worldwide.

Mr. Benson brings a wealth of financial expertise, capital markets, corporate governance and risk management experience as a prior CFO of a public company. He also has extensive experience managing strategic and operational challenges as a leader of a global company.

Mr. Benson most recently served as Executive Vice President and CFO of Akamai Technologies (NASDAQ: AKAM) from 2012 until his retirement in 2020. In his CFO role, he was the catalyst in building out and transforming Akamai's accounting and finance teams from a "back-office" function and into a "value-enhancing" forward-thinking strategic business partner. He was instrumental in navigating Akamai's growth, revenue diversification and business operations expansion into one of the world's largest and most profitable cloud services and cybersecurity leaders with revenues of USD 3 billion and a market capitalization of USD 14 billion. Prior to joining Akamai, he spent 20 years at Hewlett Packard in a variety of senior finance leadership roles.

Mr. Benson also serves on the Board of Directors of Xplor Technologies, a global provider of software, payments and commerce-enabling technologies (Atlanta, Georgia) and of Grange Insurance, a property and liability insurance company (Columbus, Ohio).

Mr. Benson holds an MBA from Clark University and a BS Finance from Bentley College.

EXECUTIVE COMMITTEE

EXPERT MANAGEMENT

Max Chuard 1

Chief Executive Officer

Swiss, born in 1973

Mr. Max Chuard has been serving as Chief Executive Officer of Temenos since 2019 and is responsible for the Company's strategic direction and growth. He brings more than 20 years of technology and global leadership expertise to the Company.

Mr. Chuard has been recognized as the #1 SaaS CEO in both 2020 and 2021, reflecting Temenos' leadership position in cloud and SaaS technology.

In almost 20 years with the Company, he has been instrumental in positioning Temenos as the World's #1 Banking Software company and driving the next generation of cloud and AI-based solutions. An inspiring thought leader, Mr. Chuard speaks regularly at large scale events. Mr. Chuard chairs the Company's Global CSR & Ethics Committee and is a strong advocate for CSR, diversity, green cloud in the race for net zero and the positive and sustainable impact business can have in society and in the environment overall. Under his leadership, Temenos was named a leader in the Dow Jones Sustainability World (DJSI) and Europe Indices and also received the S&P Silver Class distinction for its excellent sustainability performance, as well as leader in the Carbon Disclosure Project (CDP) and FTSE4Good.

Mr. Chuard joined Temenos in 2002 leading the Company's mergers and acquisitions strategy. He successfully drove 15 transactions including Akcelerant, Multifonds, Avoka and Kony. In 2012 he became Chief Financial Officer and in 2015 he was appointed Chief Operating Officer in addition to his Chief Financial Officer role. During his time at Temenos, the Company has increased its market value from USD 260 million to circa USD 9 billion to become the third-largest software company in Europe and one of the fastest growing global technology organizations.

Mr. Chuard began his career as a business analyst at JP Morgan and subsequently held a senior position at SWICORP, a Swiss merchant bank.

Mr. Chuard holds a Master's of Science in Finance from the University of Lausanne.

Erich Gerber 2

President and Chief Revenue Officer

Swiss, born in 1964

Mr. Erich Gerber is President and Chief Revenue Officer. Mr. Gerber leads Temenos' global Customer Operations with responsibility for accelerating and expanding Temenos' coverage of market segments and territories.

Mr. Gerber has over 30 years of experience in leading sales organizations for large technology companies in enterprise software and cloud services. He has a proven track record in transforming sales functions into high-performing organizations and accelerating growth in subscription-based models. Mr. Gerber spent 13 years at TIBCO Software Inc., in various leadership roles across sales and business operations in several regions, including working as Senior Vice President for Europe Middle East and Africa (EMEA) and Asia Pacific and Japan. He also held the role of Vice President Global Sales Operations and Transformation out of the US, implementing a worldwide sales enablement process. Before joining TIBCO Software, Mr. Gerber served at BEA Systems, IXOS and BMC Software.

Mr. Gerber holds a Bachelor's degree in Management from BPIH, Switzerland and a Master's degree in Marketing from the Swiss Federal Institute.

Panagiotis "Takis" Spiliopoulos 3

Chief Financial Officer

Greek, born in 1970

Mr. Panagiotis "Takis" Spiliopoulos is Chief Financial Officer since 2019. Before this appointment, he was Head of Research and a member of the Investment Banking management team at leading Swiss bank Vontobel, where he successfully built the #1 franchise in Swiss equities over the last ten years, as recognized by Thomson Extel. He has been advising institutional clients as a key opinion leader on technology investments. Before that, he led the technology research practice at the same bank and had the lead on numerous capital market transactions. Before joining Vontobel in 2001, Mr. Spiliopoulos was Head of Investments and Member of the Executive Management Board at a venture capital technology where he was responsible for due diligence, company valuation, investment proposal, deal negotiations and setup of deal structure.

Before switching to the investment side in 1999, Mr. Spiliopoulos worked as a management and technology consultant for leading international players, among others, Accenture (formerly Andersen Consulting, where he started his career in 1995), advising financial institutions on strategy and information technology matters, including the implementation of new processes and applications.

Mr. Spiliopoulos holds a Master's Degree in Computer Science and Business Economics from the Swiss Federal Institute of Technology (ETH Zürich), Switzerland. He also holds an Executive MBA and a degree in financial analysis (CEFA/EFFAS).

Prema Varadhan 4

Chief Product and Technology Officer

Indian, born in 1975

Ms. Prema Varadhan is Chief Product and Technology Officer. She is responsible for managing the product and technology organization and ensuring that Temenos technology provides the scalable, secure, and agile platform that customers desire. She is also leading the transformation from product lines to composable Temenos Banking Services, helping to accelerate SaaS growth.

Ms. Varadhan joined Temenos in 1999 and previously held the role of Deputy Product Officer and Head of Artificial Intelligence where she was responsible for analyzing emerging technologies and architectural trends and practices from across the banking industry and incorporating her findings into Temenos' product strategy and development.

Ms. Varadhan has been with Temenos for more than 20 years and is a highly experienced leader with a wealth of experience in financial services. She is passionate about putting customers first and focuses on technology initiatives to improve the client experience with faster, effortless software implementations.

Ms. Varadhan holds a Bachelor of Engineering, Electronics and Communications from University of Madras.

Colin Jarrett 5

Chief Client Delivery Officer

British, born in 1969

Dr. Colin Jarrett is Chief Client Delivery Officer, where he leads the Temenos SaaS and Global Services organizations.

Dr. Jarrett is responsible for customer satisfaction, improving operating efficiencies, accelerating speed of delivery, and driving scale through Temenos' Partner-first strategy.

Prior to this role, Dr. Jarrett was the Chief Cloud Officer and, before that, Managing Director of Global Client Services and Support and earlier Global Head of Product Development at Temenos since 2016. In his previous role he was responsible for driving the rapid expansion in global SaaS business. Prior to that, he expanded Temenos global development capability, delivering scalability and efficiency, while maintaining quality and timely development of Temenos' products.

Dr. Jarrett joined Temenos in 2016 from Accenture, where he was Managing Director. He spent 20 years working in large-scale technology delivery projects across the financial services industry with Accenture and has extensive experience of global delivery. Dr. Jarrett spent five years working in India, building Accenture's Financial Services Delivery Excellence practice. He also spent five years in the Philippines leading the Company's Banking and Payments Technology Delivery group.

Dr. Jarrett holds a Ph.D. from Cambridge University where he studied Condensed Matter Physics and was elected as a bye-fellow of Magdalene College. He is also a named inventor holding patents both with Accenture and Philips.

Jayde Tipper 6

Chief People Officer

British, born in 1983

Ms. Jayde Tipper is the Chief People Officer, responsible for leading the all-important people-related functions, including Talent Acquisition, Talent Development, Total Rewards, Diversity, Equity and Inclusion.

Ms. Tipper joined Temenos in 2015, initially in HR business partnering, then led Talent Acquisition and executive hiring globally before moving to own Temenos end-to-end people strategy. She is passionate about helping to make Temenos a place where all Temenosians can feel proud, happy, and fulfilled in the work they do.

Ms. Tipper holds an MSc in International Human Resource Management and an MBA from London Business School.

Martin Häring 7

Chief Marketing Officer

German, born in 1966

Mr. Martin Häring is Chief Marketing Officer (CMO). Mr. Häring is responsible for the Company's brand and go-to-market strategy, as well as forging new partnerships through co-marketing and co-innovation.

Mr. Häring has over 25 years in B2B marketing and branding and has extensive experience leading global marketing organizations for large technology enterprises, including financial software and cloud services.

Mr. Häring joined Temenos from Red Hat where he was the Vice President Marketing for EMEA. Before this, Mr. Häring was CMO at Misys and subsequently Finastra where he was responsible for the company brand, product messaging, and go-to-market approach. He has held senior marketing executive roles in Akamai Technologies Inc., Sun Microsystems and Oracle.

Mr. Häring has been named one of the most influential marketing leaders in Europe on many occasions. He is a well-respected thought leader on open banking, cloud banking, and Banking-as-a-Service.

Mr. Häring holds a Diploma in Computer Science from the University of Cooperative Education in Stuttgart.

CORPORATE GOVERNANCE

GOVERNING THE GROUP

Our governance framework

General Meeting of Shareholders

Main responsibilities:

- » Approves the annual financial statements;
- » Elects the members of the Board of Directors and of the Compensation Committee;
- » Approves the prospective compensation of the members of the Board of Directors and of the Executive Committee; and
- » Adopts and amends the Articles of Association.

Board of Directors

Main responsibilities:

- » Chaired by the Executive Chairman whose role is defined on page 130;
- » Approves the strategy of the Group;
- » Appoints and oversees the members of the Executive Committee; and
- » Approves acquisitions and major investments.

Chief Executive Officer

Main responsibilities:

- » Is responsible for managing the day-to-day business of the Group; and
- » Chairs the Executive Committee.

Executive Committee

Main responsibilities:

- » Develops the three-year strategic plan of the Group and monitors performance against it;
- » Submits to the Board of Directors proposed acquisitions, divestments and product capex investments; and
- » Deals with any other matters as assigned by the Board of Directors.

Compensation Committee

Main responsibilities:

- » Recommends to the Board of Directors compensation practices and policies that are equitable, performance based and in line with market norms;
- » Reviews the competitiveness of the executive compensation programs;
- » Submits to the Board of Directors proposals for approval by the Annual General Meeting of Shareholders of the total prospective compensation of the Board of Directors and of the Executive Committee members; and
- » Prepares the Compensation Report to be submitted to the Board of Directors for approval.

Audit Committee

Main responsibilities:

- » Reviews and challenges where necessary, the actions and judgments of management, in relation to the financial statements;
- » Reviews the internal controls environment and risk management framework;
- » Monitors the performance and effectiveness of the Internal Audit function; and
- » Reviews the findings of the external audit reports and monitors their implementation.

Nomination & ESG Committee

Main responsibilities:

- » Reviews the structure, size and composition of the Board of Directors;
- » Establishes the qualification criteria for Board of Directors membership;
- » Reviews and proposes to the Board of Directors candidates to be recommended for election;
- » Considers succession planning for both Board of Directors and Executive Committee members; and
- » Considers the strategy and targets for the sustainability and CSR strategy ("ESG matters") set by the CEO, monitors progress and achievements, oversees ESG reporting, stays abreast of trends in ESG matters and reports accordingly to the Board.

Introduction

This report has been prepared in compliance with the Directive on Information Relating to Corporate Governance (DCG) available at https://www.ser-ag.com/dam/downloads/regulation/listing/directives/DCG-en.pdf, its Guidelines available at https://www.ser-ag.com/dam/downloads/publication/obligations/guidelines/guideline-dcg-en.pdf and with the Ordinance against Excessive Remuneration in Listed Companies limited by Shares as at 1 January 2014 (OaEC) available at https://www.admin.ch/opc/fr/classified-compilation/20132519/index.html.

In the present Annual Report, the corporate governance information has been summarized in a separate section, whereas references to other parts of the Annual Report have been included in an effort to avoid duplication.

In order to enhance readability, the present corporate governance section follows the suggested structure as described in the annex of the DCG.

There are some references to the Articles of Association and to the Organization bylaws of the Company; both documents are available at https://www.temenos.com/en/about-temenos/investor-relations/corporate-governance/.

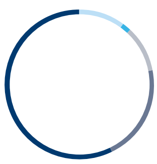
Unless otherwise indicated, the information provided in this report reflects the situation as of 31 December 2021.

Temenos AG (formerly named Temenos Group AG) is hereinafter referred to as 'the Company'.

Temenos AG and its affiliated companies are hereinafter referred to as 'Temenos Group', 'Temenos' or 'the Group'.

The executive management of the Group is hereinafter referred to as 'the Executive Committee'.

Governance dashboard



Executive Chairman remuneration mix

- Fixed fee/salary 10%
- Other compensation 2%
- Variable short-term incentives 10%
- LTIP earned 21%
- LTIP not yet earned 57%

Total compensation at risk 88%

Read more on *page 150*

Executive Committee remuneration mix

- Fixed salary 15%
- Other compensation 3%
- Variable short-term incentives 16%
- LTIP earned 18%
- LTIP not yet earned 48%

Total compensation at risk 82%

Read more on *page 151*

Meetings held in 2021

1. Group structure and shareholders

1.1 Group structure

The ultimate holding company, Temenos AG, is registered in Geneva, where the Group is also headquartered.

1.1.1 Description of the issuer's operational group structure

The Temenos Group is organized and managed by the Chief Executive Officer who is heading and supported by the Executive Committee.

As of the publication date of this Annual Report, the Executive Committee is composed of the following members:

Max Chuard
Chief Executive Officer

Erich Gerber
President and
Chief Revenue Officer

Panagiotis "Takis" Spiliopoulos
Chief Financial Officer

Prema Varadhan
Chief Product and
Technology Officer

Colin Jarrett
Chief Client Delivery Officer

Jayde Tipper
Chief People Officer

Martin Häring
Chief Marketing Officer

The Group is managed using a matrix of regional and global business functions incorporating activities of sales, service operations, product development, product management, services management, marketing, key client relationship management and product support functions.

CORPORATE GOVERNANCE continued

The Group's product sales and services operations are divided into the following main geographic regions:

» Europe;
» Middle East and Africa;
» Asia Pacific;
» North America; and
» Latin America and Caribbean.

Temenos being a truly global multi-product company leverages skills from around the world, having its principal software development facilities in Chennai, Bangalore and Hyderabad (India). The Group has additional software development facilities in the United States, Canada, the United Kingdom, Switzerland, France, Romania, Belgium, Luxembourg, Australia, Ecuador and China.

1.1.2 All listed companies belonging to the issuer's group, including the company names, their registered offices, where they are listed, their market capitalization, the percentage of shares held by subsidiaries and the security or ISIN numbers of the securities

Temenos AG is the sole listed company of the Group.

Name	Temenos AG
Domicile	2 Rue de l'Ecole-de-Chimie 1205 Geneva, Switzerland
Listed at	SIX Swiss Exchange
First listing date	26 June 2001
Market capitalization	CHF 9,421,262,881 *
Security Number	1245391
ISIN number	CH0012453913
Symbol	TEMN
Reuters	TEMN.S
Bloomberg	TEMN SW

* Based on the issued share capital as of 31.12. 2021 composed of 74,742,268 shares.

Please refer to the Information for Investors' section on page 232 for statistics on Temenos shares.

1.1.3 The non-listed companies belonging to the issuer's group, including the company names, their registered offices, their share capital and the percentage of shares held by subsidiaries

Please find below the main non-listed companies belonging to the Group as of 31 December 2021:

(All companies are directly or indirectly wholly owned subsidiaries of Temenos AG, unless otherwise indicated. A complete list of all companies belonging to the Group is available in note 5 to the consolidated financial statements.)

Name	Domicile	Country of incorporation	Share capital
Avoka (Germany) GmbH	Frankfurt am Main	Germany	25,000 EUR
Avoka (USA), Inc.	Broomfield	USA	0.1 USD
Avoka Europe Limited	London	United Kingdom	1,900,199 GBP
Avoka Technologies Pty Limited	Sydney	Australia	43,561,356.50 AUD
Avoka Technologies Canada Inc.	Vancouver	Canada	100 shares (no par value)
Edge IPK Limited	London	United Kingdom	2,764 GBP
Financial Objects (UK) Limited	London	United Kingdom	466,667 GBP
Financial Objects Limited	London	United Kingdom	950,528 GBP
Igefi France Sàrl	Paris	France	7,500 EUR
Igefi Group Sàrl	Bertrange	Luxembourg	31,000 EUR
Igefi Ireland Limited	Dublin	Ireland	100 EUR
Igefi UK Limited	London	United Kingdom	5,000 GBP
Kony, Inc.	Wilmington	USA	1 USD
Kony India Private Limited	Hyderabad	India	33,468,980 INR
Kony Services India LLP	Hyderabad	India	6,000,000 INR
Kony Solutions BV	Amsterdam	Netherlands	18,000 EUR
Kony Solutions Limited	Port-Louis	Mauritius	676,466 USD
Logical Glue Limited	London	United Kingdom	623.63 GBP
Odyssey Financial Technologies Limited	London	United Kingdom	50,000 GBP
Odyssey Financial Technologies SA	La Hulpe	Belgium	62,000 EUR
Odyssey Group SA	Bertrange	Luxembourg	500,000 EUR
Rubik ESOP Trusco Pty Limited	Sydney	Australia	100 AUD
Rubik IP Holdings Pty Limited	Sydney	Australia	100 AUD
Rubik Mortgages Pty Limited	Sydney	Australia	100 AUD
Sky Technologies Pty Limited	Sydney	Australia	12 AUD
Sky Technologies Consulting Pty Limited	Sydney	Australia	10 AUD
Sky Technologies Holdings Pty Limited	Sydney	Australia	1,344,293.80 AUD
Temenos Australia Symmetry Pty Limited	Sydney	Australia	261 AUD
Temenos (Malaysia) Sdn Bhd	Shah Alam	Malaysia	19,591,400 MYR

Temenos (NL) BV	Amsterdam	Netherlands	18,152 EUR
Temenos (Thailand) Co. Limited	Bangkok	Thailand	100,000,000 THB
Temenos Africa (Pty) Limited	Sandton	South Africa	100 ZAR
Temenos Australia Pty Limited	Sydney	Australia	2 AUD
Temenos Australia Financial Pty Limited	Sydney	Australia	85,977,680 AUD
Temenos Australia Messaging Pty Limited	Sydney	Australia	100 AUD
Temenos Australia Operations Pty Limited	Sydney	Australia	7,500,181 AUD
Temenos Australia Services Pty Limited	Sydney	Australia	100 AUD
Temenos Australia Technology Solutions Pty Limited	Sydney	Australia	1 AUD
Temenos Belgium SA	La Hulpe	Belgium	200,000 EUR
Temenos Bulgaria EOOD	Sofia	Bulgaria	10,000 BGN
Temenos Canada Inc.	Vancouver	Canada	560,586 shares (no par value)
Temenos Cloud Americas LLC	Wilmington	USA	100 units (no par value)
Temenos Cloud Switzerland SA	Geneva	Switzerland	100,000 CHF
Temenos Colombo (Pvt) Limited	Colombo	Sri Lanka	1 LKR
Temenos Denmark ApS	Copenhagen	Denmark	50,000 DKK
Temenos Deutschland GmbH	Frankfurt am Main	Germany	25,000 EUR
Temenos East Africa Limited	Nairobi	Kenya	10,000 KES
Temenos Ecuador SA	Quito	Ecuador	672,000 USD
Temenos Egypt LLC	Cairo	Egypt	200 EGP
Temenos Finance Hong Kong Limited	Hong Kong	Hong Kong	4,767,600,001 HKD
Temenos Finance Luxembourg Sàrl	Bertrange	Luxembourg	37,500 EUR
Temenos FOFL Limited	London	United Kingdom	50,000 GBP
Temenos FOGT Limited	London	United Kingdom	51,505 GBP
Temenos France SAS	Paris	France	500,000 EUR
Temenos Headquarters SA	Geneva	Switzerland	100,000 CHF
Temenos Hellas SA	Athens	Greece	105,000 EUR
Temenos Hispania SL	Madrid	Spain	10,000 EUR
Temenos Holdings France SAS	Paris	France	500,000 EUR
Temenos Holdings Limited	Road Town	British Virgin Islands	40,105 USD
Temenos Holdings USA, Inc.	Wilmington	USA	1 USD
Temenos Holland BV	Amsterdam	Netherlands	19,000 EUR
Temenos Hong Kong Limited	Hong Kong	Hong Kong	2 HKD
Temenos India Private Limited	Chennai	India	2,962,000 INR
Temenos Investments BV	Amsterdam	Netherlands	18,000 EUR
Temenos Israel Limited	Ramat Gan	Israel	100 NIS
Temenos Japan KK	Tokyo	Japan	10,000,000 JPY
Temenos Kazakhstan LLP	Almaty	Kazakhstan	14,400,000 KZT
Temenos Korea Limited	Seoul	Republic of Korea	50,000,000 KRW
Temenos Luxembourg SA	Bertrange	Luxembourg	1,181,250 EUR
Temenos Mexico SA de CV	Mexico City	Mexico	234,820,098 MXN
Temenos Middle East Limited	Nicosia	Cyprus	17,100 EUR
Temenos New Zealand Limited	Auckland	New Zealand	1,000 shares (no par value)
Temenos North Africa LLC	Casablanca	Morocco	10,000 MAD
Temenos Philippines, Inc.	Makati City	Philippines	10,000,000 PHP
Temenos Polska Sp. z o. o.	Warsaw	Poland	100,000 PLN
Temenos Romania SRL	Bucharest	Romania	120,000 RON
Temenos Singapore Pte Limited	Singapore	Singapore	65,010,000 SGD
Temenos Singapore FT Pte Limited	Singapore	Singapore	1 SGD
Temenos Software Brasil Limitada	Sao Paulo	Brazil	150,000 BRL
Temenos Software Luxembourg SA	Bertrange	Luxembourg	500,000 EUR
Temenos Software Shanghai Co. Limited	Shanghai	China	140,000 USD
Temenos Solutions Australia Pty Limited	Sydney	Australia	245,057,936 AUD
Temenos Systems Ireland Limited	Dublin	Ireland	4 EUR
Temenos UK Limited	London	United Kingdom	2,198,844 GBP
Temenos USA, Inc.	Wilmington	USA	1 USD
Temenos Vietnam Company Limited	Hanoi	Vietnam	890,000,000 VND
Viveo France SAS	Paris	France	500,000 EUR
Viveo Group SAS	Paris	France	500,000 EUR
Wealth Management Systems Limited	London	United Kingdom	525,000 GBP

CORPORATE GOVERNANCE continued

1.2 Significant shareholders

Please find below the list of shareholders who hold 3% or more of the voting rights as of 31 December 2021 as per information that has been published on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange pursuant to Art. 120 ff. of the Financial Market Infrastructure Act.

Significant shareholders	Number of voting rights	Percentage of share capital
Martin and Rosmarie Ebner	7,695,000	10.37%
BNP Paribas SA	6,388,194	8.61%
Baillie Gifford & Co[1]	3,663,065	4.94%
BlackRock Inc.[2]	3,657,290	4.93%
UBS Fund Management (Switzerland) AG	2,292,935	3.09%
Comgest Global Investors, SAS[3]	2,271,449	3.06%

1 Out of this number, 3,663,065 voting rights are delegated by a third party and can be exercised at one's own discretion.
2 Out of this number, 541,219 voting rights are delegated by a third party and can be exercised at one's own discretion.
3 Out of this number, 260,132 voting rights are delegated by a third party and can be exercised at one's own discretion.

Based on the registered capital as of 31.12.2021 composed of 74,206,266 shares.

For more recent information on major shareholders, please refer to page 232.

Disclosure notifications made in accordance with Article 120 ff. of the Financial Market Infrastructure Act are publicly available on the SIX website at https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=TEMENOS

1.3 Cross-shareholdings

There are no cross-shareholdings to report.

2. Capital structure

2.1 Capital

On 31 December 2021, the registered ordinary share capital amounted to CHF 371,031,330 consisting of 74,206,266 registered shares, each with a par value of CHF 5. All the shares are fully paid-up. Each recorded share with voting rights entitles its holder to one vote.

The Company has an authorized capital totaling CHF 35,500,000 and a conditional capital totaling CHF 18,218,290 for shares that may be issued on the exercising of share options granted to employees of the Group. Additional conditional capital totaling CHF 33,039,520 exists for shares that may be issued in conjunction with financial instruments.

2.2 Authorized and Conditional capital in particular

Authorized capital

Pursuant to the Articles of Association (Article 3ter), the Board of Directors is authorized to increase the share capital by 20 May 2023, by an amount not exceeding CHF 35,500,000 by issuing up to 7,100,000 fully paid-in registered shares with a nominal value of CHF 5 each. An increase in partial amounts is permitted.

The Board of Directors shall determine the date of issue of such new shares, the issue price, type of payment, conditions of exercising pre-emptive rights, and the beginning of the dividend entitlement. The Board of Directors may issue new shares by means of a firm underwriting by a banking institution or syndicate with subsequent offer of those shares. The Board of Directors may allow the expiry of pre-emptive rights which have not been exercised or it may place these rights as well as shares, the pre-emptive rights for which have not been exercised, at market conditions.

The Board of Directors is authorized to restrict or withdraw the pre-emptive rights and rights of advance subscription of existing shareholders and allocate them to third parties if (i) the shares are to be used for the takeover of another company or enterprise, of parts of an enterprise or of participations or for the financing of such transactions; or if (ii) the shares are to be used for the purpose of expanding the scope of shareholders in connection with the quotation of shares on national and foreign stock exchanges.

Conditional capital for employee participation

Pursuant to the Articles of Association (Article 3 quarter (1)) as at 31 December 2021, the share capital may be increased by an amount not exceeding CHF 18,218,290 by issuing up to 3,643,658 new registered shares to be fully paid-in with a nominal value of CHF 5 each through the exercise of the rights that the direct or indirect subsidiaries of the Company (the 'Subsidiaries') or the Company itself may grant to officers, Directors and employees at all levels of the Company and the Subsidiaries. The pre-emptive rights as well as the right for advance subscription of existing shareholders are precluded.

The issue of shares or respective option rights through the Subsidiaries or through the Company to officers, Directors and employees of the Company and the Subsidiaries, is subject to one or more regulations to be issued by the Board of Directors on the basis of the following general rules: (i) new shares may only be issued to the Subsidiaries or to the Company for purposes of distribution to Directors, officers or employees of the Company and the Subsidiaries; (ii) new shares to be issued through the Subsidiaries or through the Company to employees of the Company or the Subsidiaries shall be issued against paying-in the nominal value of CHF 5 per each share in cash.

Conditional capital for financial instruments

Pursuant to the Articles of Association (Article 3 quarter (2)), the share capital may be increased by an amount not exceeding CHF 33,039,520, by issuing up to 6,607,904 new registered shares to be fully paid-in with a nominal value of CHF 5 each, to be divided as follows: first, for the amount of CHF 8,386,120, that corresponds to 1,677,224 new registered shares, through exercise of conversion and/or option rights, which are granted in connection with bonds or similar obligations or other financial instruments of the Company or one of its group companies; and second, for the amount of CHF 24,653,400, that corresponds to 4,930,680 new registered shares, by the exercise of option rights which are granted by the Company or one of its group companies to existing shareholders or third parties. In the case of the issuance of bonds, similar obligations, or other financial instruments linked with conversion and/or option rights, and in the case of the issuance of option rights, the pre-emptive rights of shareholders are excluded. The owners of conversion or option rights from time to time are entitled to the new shares.

The conditions of the option rights, including the exercise period and exercise price, are to be determined by the Board of Directors, whereby the exercise price may be fixed at a price lower than the market or intrinsic value.

The Board of Directors shall be authorized to restrict or exclude the advance subscription rights of shareholders: (1) if debt issues in connection with conversion rights or warrants or other financial instruments or options issues are for the purpose of financing or refinancing the acquisition of an enterprise, parts of an enterprise, or participations or new investments; or (2) if such debt or other financial instruments or options are issued on the international capital markets and for the purpose of a firm underwriting by a banking institution or a consortium of banks with a subsequent offering to the public; or (3) if such debt or other financial market instruments or options are issued for the purpose of the participation of strategic Partners. In such cases, the following shall apply: the terms and conditions of the convertible bonds or warrants or other financial instruments or options shall correspond to market conditions (including dilution protection provisions in accordance with market practice), taking into account the specific situation, and the new shares shall be issued pursuant to the relevant conversion or exercise rights in connection with bond or warrant or options issuance conditions. Conversion rights may be exercised during a maximum ten (10)-year period, and warrants or options may be exercised during a maximum seven (7)-year period, in each case from the date of the respective issuance.

2.3 Changes in capital

	31.12.21 CHF 000	31.12.20 CHF 000	31.12.19 CHF 000
Issued ordinary share capital	**373,711**	371,031	363,787
Remaining conditional share capital	**48,578**	51,258	58,502
Authorized share capital	**35,500**	35,500	35,500

As at **31 December 2013**, the registered share capital amounted to CHF 360,115,740 consisting of 72,023,148 registered shares, each with a par value of CHF 5. Further to the decision of the General Meeting of Shareholders held on 28 May 2014, the capital was reduced by cancellation of 2,134,786 shares repurchased under a share buyback program.

As at **31 December 2014**, the registered share capital amounted to CHF 349,441,810 consisting of 69,888,362 registered shares, each with a par value of CHF 5. Further to the decision of the General Meeting of Shareholders held on 6 May 2015, the capital was reduced by cancellation of 3,270,794 shares repurchased under a share buyback program.

As at **31 December 2015**, the registered share capital amounted to CHF 333,087,840 consisting of 66,617,568 registered shares, each with a par value of CHF 5.

As at **31 December 2016**, the registered share capital amounted to CHF 333,087,840 consisting of 66,617,568 registered shares, each with a par value of CHF 5. No change of capital occurred during 2016.

As at **31 December 2017**, the registered share capital amounted to CHF 354,249,620 consisting of 70,849,924 registered shares, each with a par value of CHF 5 further to the registration on 15 February 2017 of 3,003,556 shares that were created out of conditional capital during 2016 and the registration on 19 October 2017 of 1,228,800 shares that were created out of conditional capital during 2017 (for Employee Share Option Schemes).

As at **31 December 2018**, the registered share capital amounted to CHF 355,221,335 consisting of 71,044,267 registered shares, each with a par value of CHF 5 further to the registration on 17 October 2018 of 194,343 shares that were created out of conditional capital during 2018 (for Employee Share Option Schemes).

As at **31 December 2019**, the registered share capital amounted to CHF 355,221,335 consisting of 71,044,267 registered shares, each with a par value of CHF 5. No change of capital occurred during 2019.

As at **31 December 2020**, the registered share capital amounted to CHF 363,787,330 consisting of 72,757,466 registered shares, each with a par value of CHF 5 further to the registration on 14 February 2020 of 1,713,199 shares that were created out of conditional capital during 2019 (for Employee Share Option Schemes).

As at **31 December 2021**, the registered share capital amounted to CHF 371,031,330 consisting of 74,206,266 registered shares, each with a par value of CHF 5 further to the registration on 23 February 2021 of 1,448,800 shares that were created out of conditional capital during 2020 (for Employee Share Option Schemes).

Further to the registration on 15 February 2022 of 536,002 shares that were created out of conditional capital during 2021 (for Employee Share Option Schemes), the registered share capital currently amounts to CHF 373,711,340 consisting of 74,742,268 registered shares, each with a par value of CHF 5.

2.4 Shares and participation certificates

All equity securities of Temenos are in the form of registered shares, each with a par value of CHF 5. Each share confers the right to one vote at the Annual General Meeting of Shareholders and all shares are fully entitled to receive dividends. The Articles of Association do not provide for privileged voting rights shares. The Company does not issue participation certificates.

In compliance with Temenos policy to distribute a growing dividend and taking into account the growing maturity of the Group and the strength of future cash flows, the Company intends to pay an annual dividend of CHF 1.00 per share on 1 June 2022, subject to shareholders' approval at the Annual General Meeting of Shareholders on 25 May 2022. The dividend record date will be set on 31 May 2022 with the shares trading ex-dividend on 30 May 2022.

2.5 Dividend-right certificates

The Company does not issue dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category, along with an indication of group clauses in the articles of association, if any, and rules for granting exceptions

There are no restrictions on the transfer of shares.

2.6.2 Reasons for granting exceptions in the year under review

Not applicable.

2.6.3 Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions

According to Article 8 of the Articles of Association, every entry of an acquirer of shares is subject to the Board of Directors' consent. The Board of Directors may refuse its consent if, at its request, the acquirer does not explicitly declare to acquire and to hold the shares in his own name and for his own account or if the form filed by the acquirer to request registration contains untrue information or statements.

2.6.4 Procedure and conditions for canceling privileges and limitations on transferability laid down in the articles of association

Not applicable.

2.7 Convertible bonds and options

Regarding options please refer to note 27 of the consolidated financial statements.

There is no outstanding convertible bonds.

In **April 2013**, the Company issued a senior unsecured bond with a nominal value of CHF 100 million and a coupon rate of 2.75% paid annually on 25 July. The bond was repaid on 25 July 2017 at a redemption price of 100% of the principal amount.

In **March 2014**, the Company issued a senior unsecured bond with a nominal value of CHF 100 million and a coupon rate of 2.00% paid annually on 31 January. The bond was repaid on 31 January 2019 at a redemption price of 100% of the principal amount.

In **June 2015**, the Company issued a senior unsecured bond with a nominal value of CHF 175 million and a coupon rate of 2.00% paid annually on 17 June. The bond will mature on 17 June 2022 at a redemption price of 100% of the principal amount.

In **April 2017**, the Company issued a senior unsecured bond with a nominal value of CHF 150 million and a coupon rate of 1.75% paid annually on 5 April. The bond will mature on 5 April 2024 at a redemption price of 100% of the principal amount.

In **November 2018**, the Company issued a senior unsecured bond with a nominal value of CHF 175 million and a coupon rate of 1.875% paid annually on 30 November. The bond will mature on 30 November 2023 at a redemption price of 100% of the principal amount.

In **November 2019**, the Company issued a senior unsecured bond with a nominal value of CHF 220 million and a coupon rate of 1.50% paid annually on 28 November. The bond will mature on 28 November 2025 at a redemption price of 100% of the principal amount.

CORPORATE GOVERNANCE continued

3. Board of Directors

3.1 Members of the Board of Directors

As at 31 December 2021, the Board of Directors comprised the following members:

Name	Position
Andreas Andreades	Executive Chairman
Thibault de Tersant	Vice-Chairman, Independent and Non-Executive Director
Ian Cookson	Independent and Non-Executive Director
Erik Hansen	Independent and Non-Executive Director
Peter Spenser	Independent and Non-Executive Director
Homaira Akbari	Independent and Non-Executive Director
Maurizio Carli	Independent and Non-Executive Director
James Benson	Independent and Non-Executive Director

Mr. James Benson was elected as new member of the Board of Directors at the AGM held on 20 May 2021.

As per the press release of 14 October 2021, Ms. Cecilia Hultén and Ms. Deborah Forster will be proposed for election as new members of the Board of Directors at the forthcoming AGM to be held on 25 May 2022.

Please refer to pages 120 and 121 for the biographies of the current members of the Board of Directors.

None of the Non-Executive members of the Board of Directors has or has had any senior management position within the Group, nor any significant business connections with the Group.

3.2 Other activities and vested interests

Except those mentioned in the biographies section of this Annual Report, no member of the Board of Directors has any:

» Activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law;
» Permanent management and consultancy functions for important Swiss and foreign interest groups; or
» Official functions and political posts.

3.3 Additionally for issuers subject to the OaEC:

Rules in the Articles of Association on the number of permitted activities pursuant to Art. 12 para. 1 point 1 OaEC.

According to Article 29 of the Articles of Association, no member of the Board of Directors may hold more than four additional mandates in listed companies and ten additional mandates in non-listed companies.

The following mandates are not subject to these limitations:

a. mandates in companies which are controlled by the Company or which control the Company;
b. mandates held at the request of the Company or any companies controlled by it. No member of the Board of Directors or of the executive management shall hold more than ten of such mandates; and
c. mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors or executive management shall hold more than ten of such mandates.

'mandates' shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

All members of the Board of Directors comply with these provisions.

3.4 Elections and terms of office

Name	First elected
Andreas Andreades	2001
Ian Cookson	2012
Thibault de Tersant	2012
Erik Hansen	2013
Peter Spenser	2017
Homaira Akbari	2020
Maurizio Carli	2020
James Benson	2021

Additionally for issuers subject to the OaEC:
Any rules in the articles of association that differ from the statutory legal provisions with regard to the appointment of the chairman, the members of the Compensation Committee and the independent proxy
Not applicable

3.5 Internal organizational structure

3.5.1 Allocation of tasks within the Board of Directors

The Board of Directors shall elect a Vice-Chairman from amongst its members and a secretary. It may also appoint one or more committees from amongst its members.

Executive Chairman

The Executive Chairman is responsible for preparing and convening the meetings of the Board of Directors as well as for the implementation of the Board resolutions. In case of his absence, the Vice-Chairman shall call the Board meetings. The Executive Chairman monitors the preparation of the General Meeting of Shareholders.

Temenos is a typical software company where product, technology vision and deep market knowledge are instrumental in the success of the Company and it is common to have executive chairmen structures where founders/near founders have a critical role to play in the running of the Company. It is of paramount importance that Temenos retains the vision that has established it as a leader in its industry.

The Executive Chairman regularly attends product-related meetings and some of the Executive Committee meetings. He therefore works full time in an executive capacity and is jointly responsible for the delivery of the strategic plan and financial results.

Taking into account his deep understanding of the market, his previous Chief Executive Officer and Chief Financial Officer roles within the Group, the Executive Chairman's input and significant value add are key and instrumental for the other members of the Board of Directors and for the Executive Committee members, especially on all strategic matters including M&A transactions and key customer relationships.

Acknowledging the importance of ESG matters, the Executive Chairman is also acting as the Board executive sponsor for ESG matters and is a member of the Nomination & ESG Committee.

Vice-Chairman

In case the Executive Chairman is unavailable or absent, the Vice-Chairman calls meetings of the Board of Directors; also, in case the Executive Chairman is unavailable or absent, the Vice-Chairman chairs meetings of the Board of Directors. The Vice-Chairman has the authority to call meetings reserved exclusively for independent Directors to allow them to discuss certain issues outside full Board of Directors meetings. The agenda of such meetings are set by the Vice-Chairman.

The Vice-Chairman makes himself available to hear the shareholders' comments and suggestions and, where possible, answers their questions after consulting with the Executive Chairman.

In 2021, the Vice-Chairman acted as Lead Independent Director.

3.5.2 Members list, tasks and area of responsibility for each Committee of the Board of Directors

The Audit, Compensation and Nomination & ESG Committees are governed by terms of reference defining their duties and compositions which are available at https://www.temenos.com/en/about-temenos/investor-relations/corporate-governance/. These Committees are composed mainly of Independent and Non-Executive Directors. These Committees report regularly and make recommendations to the Board of Directors which is empowered to make decisions.

Name	Audit Committee	Compensation Committee	Nomination & ESG Committee
Andreas Andreades			Member
Ian Cookson	Member		Chair
Thibault de Tersant	Chair		
Erik Hansen			Member
Peter Spenser	Member	Member	
Homaira Akbari		Chair	
Maurizio Carli		Member	Member
James Benson	Member	Member	

Audit Committee

The Audit Committee is currently composed of four members, each of whom being independent and holding relevant financial expertise and understanding of the IFRS accounting standards. The Audit Committee reviews the Group's financial reports, internal controls, compliance with corporate governance rules and any other matters that may be brought to its attention by the internal and/or external auditors. The Chairman of the Audit Committee regularly reports to the Board of Directors on the Audit Committee's findings and recommendations; the Board of Directors being ultimately responsible to approve the annual financial statements. Please also refer to paragraph 8.4 below.

Compensation Committee

The Compensation Committee shall support the Board of Directors in reviewing and making recommendations on compensation practices, guidelines and procedures and in preparing the proposals to the General Meeting of Shareholders regarding compensation of the members of the Board of Directors and of the Executive Committee. It may submit proposals and recommendations to the Board of Directors in other compensation-related issues.

For more details on the role of the Compensation Committee please refer to its terms of reference at https://www.temenos.com/about-us/investor-relations/corporate-governance/ and to the Compensation Report on page 136.

Nomination & ESG Committee

The main duties of the Nomination & ESG Committee are: (i) to annually review the structure, size and composition of the Board with a view to establish a Board that can provide effective governance and perform all Board duties taking into account expertise, experience and skills needed, and work towards achieving a balance in terms of diversity including gender and origin and make recommendations to the Board of Directors with regard to any changes, (ii) to review and propose to the Board candidates for membership on the Board to be recommended for election by the AGM, (iii) to give full consideration to succession planning for both members of the Board of Directors and Executive Committee and (iv) to consider the strategy and targets for the ESG matters set by the CEO, to monitor progress and achievements, to oversee ESG reporting, to stay abreast of trends in ESG matters and to report accordingly to the Board.

3.5.3 Working methods of the Board of Directors and its Committees

The Board of Directors meets as often as business requires, but at least four times a year. The Audit Committee meets at least three times a year. The Compensation and Nomination & ESG Committees meet at least once a year.

In 2021, the following meetings were held:

	Number of meetings	Attendance	Average duration
Board of Directors	5	100%	3.3h
Audit Committee	4	100%	3.2h
Compensation Committee	5	100%	1.8h
Nomination & ESG Committee	2	100%	1h

All physical meetings were held in Geneva.

Both the external and internal auditors attended all the Audit Committee meetings in 2021.

At the meetings of the Board of Directors and of its Committees, those members of the Executive Committee who have the relevant information and expertise required for the respective body to perform its duties are present. However these persons do not take part in any resolutions.

At each Board of Directors meeting, a business report is presented by the Chief Executive Officer. Together with the financial report presented by the Chief Financial Officer, this information enables the Board members to assess the course of the Company's business activities on a regular basis.

The Board of Directors conducts an annual evaluation of its performance. Such process is carried out by way of an anonymous self-evaluation questionnaire on the performance and effectiveness of the Board of Directors to be completed by each of its members. The results and comments are consolidated by the Company Secretary and then discussed at the next meeting during which proposed improvements are agreed. The 2021 evaluation results were discussed at the meeting held in December 2021.

3.6 Definition of areas of responsibility

The Board of Directors is the ultimate governing body of the Company. Together with its Committees, it exercises inalienable and non-transferable functions as provided by law, by the Company's Articles of Association and by its bylaws. The Board of Directors decides in particular on significant acquisitions, disposals, strategic partnerships, changes in the Group's structure and share repurchase programs though its responsibilities are not limited to this. The Board of Directors oversees and approves the Group's IT strategy and is responsible for all aspects of security, risk management and system of internal controls.

Based on Article 17 of the Articles of Association and Article 3.5 of the bylaws of the Company, the Board of Directors has delegated the day-to-day operational management and conduct of business operations of the Company to the Chief Executive Officer who heads and is supported by the Executive Committee, except where the law or the Articles of Association provide differently.

The Executive Committee is responsible for execution of strategy and monitoring performance against it. The Executive Committee also sets targets for Group organic and acquisitions growth on a three-year basis i.e. a strategic plan to be then formally approved by the Board of Directors. Finally, the Executive Committee approves all product investments as well as acquisitions to be proposed to the Board of Directors.

CORPORATE GOVERNANCE continued

3.7 Information and control instruments vis-à-vis the Executive Committee

The Board of Directors is responsible for the Group's risk management, security and system of internal controls. Overseeing the risk management process, effectiveness and efficiency of operations, accurate reporting, compliance with laws and regulations and safeguarding the interests of the Group are some of the main responsibilities of the Board of Directors.

Prior to each meeting, members of the Board of Directors receive reports that allow them to discharge their above duties.

The Chief Executive Officer and Chief Financial Officer personally report at each meeting of the Board of Directors.

The performance management process ensures that Company's targets, as agreed with the Board of Directors, are delegated to senior management during the first quarter of every financial year.

The Internal Audit function provides an independent assurance to the Board and Audit Committee on the continuing appropriateness and effectiveness of Temenos' systems of governance, risk management and internal controls. The Group Head of Internal Audit reports functionally to the Chairman of the Audit Committee.

Findings and related action plans from internal audit reviews and/or internal control self-assessments are reported to senior management; summary reports are provided to the Audit Committee at every meeting. Implementation of action plans is monitored on a regular basis and status is reported to the Audit Committee.

Risk management is an integral part of the business process. Key risks are reviewed by the Audit Committee and then by the Board of Directors itself at least once a year.

The organizational structure ensures that specialized functions such as Quality, Security and IT continuously support the management of risks.

4. Executive Committee

4.1 Members of the Executive Committee

As at 31 December 2021, the Executive Committee comprised the following members:

Name	Position
Max Chuard	Chief Executive Officer
Panagiotis "Takis" Spiliopoulos	Chief Financial Officer
Mark Winterburn	Chief Product and Technology Officer
Alexa Guenoun	Chief Operating Officer
Colin Jarrett	Chief Cloud Officer
Deirdre Dempsey	Chief Legal Officer
Jacqueline White	President of the Americas
Jean-Paul Mergeai	President International Sales
Philip Barnett	President of Strategic Growth
Martin Häring	Chief Marketing Officer

Mr. Jean-Michel Hilsenkopf resigned as Chief Operating Officer effective 13 January 2021.

Ms. Alexa Guenoun was appointed as Chief Operating Officer effective 13 January 2021.

Dr. Colin Jarrett was appointed as Chief Cloud Officer effective 13 January 2021.

Ms. Jacqueline White was appointed as a member of the Executive Committee (President of the Americas) effective 13 January 2021.

Mr. David Macdonald was appointed as a member of the Executive Committee (President of Europe) effective 13 January 2021.

Mr. Jean-Paul Mergeai was appointed as a member of the Executive Committee (President of Asia Pacific and Middle East & Africa) effective 13 January 2021.

Ms. Deirdre Dempsey was appointed as a member of the Executive Committee (Chief Legal Officer) effective 13 January 2021.

Mr. Philip Barnett was appointed as a member of the Executive Committee (President of Strategic Growth) effective 13 January 2021.

Mr. David Macdonald resigned as President of Europe effective 21 July 2021.

Ms. Monica Rancati resigned as Chief Human Resources Officer effective 21 July 2021.

Mr. Jean-Paul Mergeai was appointed as President International Sales effective 21 July 2021.

Mr. Martin Häring was appointed as a member of the Executive Committee (Chief Marketing Officer) effective 21 July 2021.

Ms. Jayde Tipper was appointed as a member of the Executive Committee (Chief People Officer) effective 1 January 2022.

Ms. Kalliopi Chioti was appointed as a member of the Executive Committee (Chief Environmental, Social and Governance (ESG) Officer) effective 1 January 2022.

Ms. Alexa Guenoun resigned as Chief Operating Officer effective 10 January 2022.

Mr. Mark Winterburn resigned as Chief Product and Technology Officer effective 10 January 2022.

Dr. Colin Jarrett was appointed as Chief Client Delivery Officer effective 10 January 2022.

Ms. Prema Varadhan was appointed as a member of the Executive Committee (Chief Product and Technology Officer) effective 10 January 2022.

Ms. Kalliopi Chioti stepped down as member of the Executive Committee effective 14 February 2022.

Ms. Deirdre Dempsey stepped down as member of the Executive Committee effective 14 February 2022.

Ms. Jacqueline White stepped down as member of the Executive Committee effective 14 February 2022.

Mr. Jean-Paul Mergeai stepped down as member of the Executive Committee effective 14 February 2022.

Mr. Philip Barnett stepped down as member of the Executive Committee effective 14 February 2022.

Mr. Erich Gerber was appointed as a member of the Executive Committee (President and Chief Revenue Officer) effective 1 March 2022.

Please refer to pages 122 and 123 for the biographies of the current members of the Executive Committee.

4.2 Other activities and vested interests

Except those mentioned in the biographies section on pages 122 and 123, no member of the Executive Committee has any:

- Activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law;
- Permanent management and consultancy functions for important Swiss and foreign interest groups; or
- Official functions and political posts.

4.3 Additionally for issuers subject to the OaEC: Rules in the Articles of Association on the number of permitted activities pursuant to Art. 12 para. 1 point 1 OaEC

According to Article 29 of the Articles of Association, no member of the executive management may hold more than one additional mandate in a listed company and five additional mandates in non-listed companies.

The following mandates are not subject to these limitations:

a. mandates in companies which are controlled by the Company or which control the Company;
b. mandates held at the request of the Company or any companies controlled by it. No member of the Board of Directors or of the executive management shall hold more than ten of such mandates; and
c. mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors or executive management shall hold more than ten of such mandates.

'mandates' shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

All members of the Executive Committee comply with these provisions.

4.4 Management contracts

No management tasks have been delegated to third parties.

5. Compensation, shareholdings and loans

5.1 Content and method of determining the compensation and the shareholding programs

The executive management compensation plans seek to align executive management and shareholders' interests by making a significant portion of compensation depend on achieving increased shareholder value for the long term and to enforce a performance-orientated environment that rewards superior value creation and the achievement of outstanding results.

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

The executive members of the Board of Directors and the executive management may be paid fixed and variable compensation. Variable compensation is dependent on the achievement of certain performance criteria.

Temenos applies a policy for share ownership and retention that is applicable to the Executive Chairman of the Board of Directors and to the members of the Executive Committee. Further information is available in the Compensation Report on page 136.

5.2 Disclosures from issuers subject to the OaEC:

5.2.1 Rules in the articles of association on the principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options, as well as the additional amount for payments to members of the Executive Committee appointed after the vote on pay at the general meeting of shareholders

According to Article 27 of the Articles of Association of the Company, performance criteria shall be determined by the Board of Directors or, where delegated to it, the Compensation Committee and may include criteria relating to individual performance, performance of the Company or parts thereof as well as performance in relation to the market or other companies, taking into account the position and level of responsibility of the employee. The Board of Directors or, where delegated to it, the Compensation Committee shall determine the performance criteria impact on variable compensation (short- and long-term incentives), including actual achievement and potential maximum achievement, the relative weight of the performance criteria and the respective target levels.

Compensation may be paid or granted in cash, shares, or in the form of other types of benefits. Compensation of executive members of the Board of Directors or members of the executive management may also be granted in the form of stock appreciation rights and similar financial instruments. The Board of Directors or, where delegated to it, the Compensation Committee shall determine grant, vesting, blocking, exercise and forfeiture terms and conditions of these kinds of compensation; in particular, it may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change-of-control or termination of an employment agreement.

The Company may procure the required shares through treasury shares or upon creation of shares out of conditional capital.

Compensation may be paid by the Company or companies controlled by it.

According to Article 26 of 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 management during a compensation period for which the General Meeting of Shareholders has already approved the compensation, the Company or companies controlled by it shall be authorized to pay to such member(s) a supplementary amount during the compensation period(s) already approved. The total supplementary amount per compensation period shall not exceed 40% of the aggregate amount of compensation of the executive management last approved by the General Meeting of Shareholders.

5.2.2 Rules in the articles of association on loans, credit facilities and post-employment benefits for members of the Board of Directors and Executive Committee

There are no rules in the Articles of Association on loans, credit facilities and post-employment benefits for members of the Board of Directors and Executive Committee.

5.2.3 Rules in the articles of association on the vote on pay at the general meeting of shareholders

According to Article 25 of 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;
» Compensation of the executive management 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, 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.

Notwithstanding the above provisions, the Company or companies controlled by it may pay out compensation prior to approval by the General Meeting of Shareholders subject to subsequent approval by a General Meeting of Shareholders.

5.3 Disclosures from issuers not subject to the OaEC: Remuneration report in keeping with Art. 14 to 16 OaEC. Disclosures on pay for members of the Board of Directors and Executive Committee, in keeping with Art. 14 to 16 OaEC (remuneration report), which may be listed in the remuneration report

Not applicable.

CORPORATE GOVERNANCE continued

6. Shareholders' participation rights

6.1 Voting-rights restrictions and representation

6.1.1 Rules in the articles of association on restrictions to voting rights, along with an indication of group clauses and rules on granting exceptions, as well as exceptions actually granted during the year under review

According to the Company's Articles of Association, only shareholders entered in the share register as shareholders or as usufructuaries may exercise the voting rights linked to the shares or the other rights connected with these voting rights. The Articles of Association do not contain any restrictions to voting rights.

6.1.2 Additionally for issuers not subject to the OaEC: Disclosures on restrictions to voting rights and rules on granting exceptions for institutional proxies, as well as exceptions actually granted during the year under review

Not applicable.

6.1.3 Reasons for granting exceptions in the year under review

Not applicable.

6.1.4 Procedure and conditions for abolishing voting rights restrictions laid down in the articles of association

Not applicable.

6.1.5 Rules in the articles of association on participation in the general meeting of shareholders, if they differ from the statutory legal provisions

Shareholders registered in the share register with voting rights on a determined date are entitled to attend the General Meeting of Shareholders and to exercise their votes. Each shareholder may be represented at the General Meeting of Shareholders by any other person who is authorized by a written proxy, by a legal representative or by the independent proxy holder.

6.1.6 Additionally for issuers subject to the OaEC: Information on any rules which might be laid down in the articles of association on the issue of instructions to the independent proxy, and any rules in the articles of association on the electronic participation in the general meeting of shareholders

There are no rules in the Articles of Association about electronic participation to the General Meeting of Shareholders or instructions to the independent proxy holder. However the shareholders may provide electronically their voting instructions to the independent proxy holder.

6.2 Quorums required by the Articles of Association

There are no statutory quorums. The General Meeting of Shareholders shall pass its resolutions and carry out its elections by a simple majority, unless qualified majority is required by law for a specific agenda item.

6.3 Convocation of the General Meeting of Shareholders

The General Meeting of Shareholders is convened by publication of the invitation and the agenda, at least 20 days before the date of the meeting, in the Swiss Official Gazette of Commerce (Schweizerische Handelsamtsblatt, Feuille Officielle Suisse du Commerce). Shareholders representing at least 10% of the share capital may convene an Extraordinary General Meeting of Shareholders.

6.4 Inclusion of items on the agenda

One or more shareholders representing shares of an aggregate nominal value of at least CHF 1 million may, up to 45 days before the date of the General Meeting of Shareholders, request an item to be included on the agenda. Such request must be in writing and shall specify the items and the proposals of these shareholders.

6.5 Entries in the share register

Pursuant to Article 13 paragraph 1 of the Articles of Association, shareholders entered in the share register as shareholders with voting rights on a specific date determined by the Board of Directors are entitled to attend and vote at the General Meeting of Shareholders.

7. Changes of control and defense measures

7.1 Duty to make an offer

There is no 'opting out' or 'opting up' clause in the Articles of Association.

7.2 Clauses on changes of control

In case of change of control in Temenos, all outstanding stock appreciation rights (SARs) will become immediately vested and exercisable.

SARs are considered to be outstanding only if the corresponding/relevant service period has started (where such relevant service period is specified as part of the grant documentation). If not specified, they will be considered as outstanding automatically.

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

8.1.1 Date of assumption of the current audit mandate

PricewaterhouseCoopers SA was re-elected as the statutory and Group auditor at the Annual General Meeting of Shareholders held on 20 May 2021 for a period of one year (first elected in 2003).

8.1.2 Date on which the lead auditor responsible for the current audit mandate took up office

Since 2019 the lead auditor for the Group audit is Mr. Yazen Jamjum.

8.2 Auditing fees

Included in general and administrative expenses is an amount of USD 2,330,235 representing audit fees charged to the Company by PricewaterhouseCoopers for (i) the audit of the Group consolidated financial statements and of statutory accounts in various jurisdictions (USD 2,160,235) and (ii) other audit fees related to work than can only be performed by the Group auditor such as the audit of the Compensation Report (total of USD 170,000).

8.3 Additional fees

In addition, other fees of USD 627,000 have been incurred by PricewaterhouseCoopers through the provision of tax advisory and other professional services. Please find below a breakdown of the additional fees:

	USD 000
Tax compliance	9
Transactions/other audit-related	26
Non-audit fees – audit-related	**35**
Tax Advisory	362
Other Advisory	30
Non-audit related	392
Total recurring non-audit fees	427
Other	200
Total non-audit fees	**627**
Total audit fees	**2,330**
Total non-audit fees as a % of total audit fees	**27%**

8.4 Information instruments pertaining to the external audit

The Audit Committee is responsible for monitoring the performance of external auditors, checking their independence, approving their annual audit plan and fees, and reviewing their findings on internal control procedures as well as steps taken by the auditors to respond to changes in regulatory audit standards and other requirements. At the end of at least one Audit Committee meeting during the year, the Audit Committee members spend time with the external auditors without the presence of management. The external auditors formally report to the Audit Committee during its meetings and have direct access to its Chairman when necessary. The Chairman of the Audit Committee then reports at each meeting of the Board of Directors. Please also refer to paragraphs 3.5.2 and 3.5.3 above.

At the beginning of the year, the Audit Committee pre-approves an amount of permitted services that may be performed by the external auditors. Such services are then reviewed on a regular basis at Audit Committee meetings. For any other audit or non-audit related services beyond the above-mentioned limit, authorization is required from the Chairman of the Audit Committee upon recommendation from the Chief Financial Officer.

9. Information policy

Temenos is committed to open and transparent communication with its shareholders and wider stakeholders.

Updates

Temenos publishes an audited Annual Report for the year to 31 December and an unaudited interim report for the six months to 30 June. Temenos also reports figures on a quarterly basis. All of this information and additional Company-specific information is available at https://www.temenos.com/en/about-temenos/investor-relations/.

In addition, those interested can sign up on the Temenos website by clicking to the Subscribe button at https://www.temenos.com/en/about-temenos/investor-relations/ to receive financial news, key client signings as well as all press releases issued in accordance with the ad hoc publicity rules; moreover, all these press releases are available at https://www.temenos.com/en/about-temenos/investor-relations/financial-press-releases/.

Contacting Temenos

For any investor relations inquiries please contact the Company at TemenosIR@temenos.com and for management dealings inquiries/disclosures of shareholdings notifications at companysecretarial@temenos.com.

Meeting Temenos

On 25 May 2022, Temenos will hold its Annual General Meeting.

Meetings between Directors, institutional shareholders and other market professionals are held regularly as a part of Temenos' investor relations program. Furthermore, all Directors are available to meet shareholders if requested.

Dates of publication of quarterly results and Temenos conferences are published on the Company's website and updated regularly at https://www.temenos.com/about-us/investor-relations/#financial-calendar.

10. Quiet periods

According to the Temenos Insider Information Policy and in addition to the general prohibition of insider trading, no purchase or sale of Temenos AG securities shall be made during the following quiet periods and irrespective of holding or not any insider information:

- during the period beginning the 1st day of the month following the end of the quarter (i.e. 1 January inclusive, 1 April inclusive, 1 July inclusive, 1 October inclusive) and ending on the day of public announcement of the related quarterly financial results (i.e. trading is authorized as from the day following the public announcement).

For members of Temenos AG Board of Directors, members of Temenos executive management, members of Temenos Group finance consolidation, financial planning, analysis group and any other person who have access to information related to the quarterly, interim and full-year financial results, the quiet periods are as follows:

- during the period beginning 15 days prior to the end of the quarter (i.e. 17 March inclusive, 16 June inclusive, 16 September inclusive and 17 December inclusive) and ending on the day of public announcement of the related quarterly financial results (i.e. trading is authorized as from the day following the public announcement).

COMPENSATION REPORT

"At Temenos, our people play a crucial role in many economies around the world by providing mission-critical banking software to more than 165 countries. In 2021, over 78% of Temenos' total software license revenues came from outside Europe including 38% from the Americas. Being a global company, Temenos competes internationally for talent in the highly competitive enterprise software sector.

Dear Shareholders,

Our compensation policy is critical to attracting and retaining the best industry talent and rewarding them based on the Company's performance and shareholder returns. Our compensation programs create a strong link between pay and performance, with the success of management aligned with outcomes that create value for our long-term shareholders. Specifically, 82% of target compensation for the Executive Chairman and members of the Executive Committee is variable, based on the achievement of rigorous financial goals and share price performance.

Since March 2020 when the World Health Organization announced the Covid-19 pandemic, Temenos has found itself in a new environment. First, although the demand side has normalized post-pandemic, there are residual pandemic effects, which are continuing and these have impacted people and businesses in ways that are out of their control. As a result, compensation at Temenos was negatively affected in 2020 with Executives foregoing up to 50% of their base salary for eight months of the year, no annual bonuses were earned for the year, and the vesting of Long-Term Incentives ('LTIs') was impacted in 2020 and continuing to be impacted through 2022.

Secondly, Temenos has elected to lead the disruption that is taking place within its customer base – the banking sector – by offering Software-as-a-Service ('SaaS') initially to the neo banking and fintech segments of the market but increasingly to the traditional banking market. The economics of the SaaS model for our customers are vastly superior to the traditional model and is resulting in an increase in the Company's addressable market and a unique opportunity for Temenos. In parallel, Temenos has largely transitioned to a subscription licensing model for the traditional on-premise market in order to increase value to its customers and leverage the power of its superior product offerings.

In 2021 Temenos experienced its fastest growth year in the last ten years with bookings growing by 37%, however, the recognition of revenue under the new business model has resulted in short-term impacts on our top- and bottom-line growth rates.

Thirdly, the competition for top enterprise software talent continues to grow more intense, making the retention of key talent more critical than ever before to Temenos' long-term success. Sector-level attrition rates are currently at levels well above historic norms, and Temenos is no exception to this trend. In response, we expanded participation in our 2021 long-term equity program to more than 350 Non-Executive Committee employees and granted them over USD 43 million in service-based restricted share units which vest over a three-year period with full vesting occurring in 2024. A similar number of non-executive employees are participating in our 2022 annual LTI program.

Shareholder engagement

Ongoing shareholder dialogue is a key priority of the Compensation Committee, as it provides Temenos with valuable insights. Each year, we engage with shareholders to discuss their thoughts on our compensation policy. This season we invited shareholders representing over 70% of outstanding shares to meet with us and held nine meetings. We are grateful for the thoughtful input provided by our shareholders, consider it carefully, and strive to incorporate shareholder feedback in our decision-making, recognizing that our shareholders have diverse perspectives. For example, last year we adopted Free Cash Flow ('FCF') rather than relative Total Shareholder Return ('TSR') as one of our LTI metrics following feedback received from several of our shareholders. Additionally, we added Q2 to our compensation peer group based on shareholder input. Several shareholders have identified the quantum of pay as an area of focus. We strongly believe that our compensation quantum is well within industry norms and our compensation philosophy serves our shareholders well by allowing us to recruit and retain a world-class leadership team whose realizable compensation is predominantly tied to rigorous performance goals and share price growth, which if achieved will create significant value for our shareholders.

This year's shareholder engagement sessions are discussed in more detail in section A.3.

Pay for performance and at-risk compensation explained

Temenos largely delivered against its operating metrics for 2021, despite the continuing impact of the Covid-19 pandemic and complexities from our business model transformation, which have temporarily slowed Company's growth rates. Over the last five years, Temenos' 21% annual TSR was similar to the average of our peer group. However, our TSR has lagged our peers in more recent years. While non-IFRS EPS growth in 2021 was 7%, the Company registered record Total Bookings growth of 36% driven by SaaS bookings growth (a leading KPI for future recurring revenues), making 2021 Temenos' best year for signed business volumes. Additionally, the Company grew its SaaS Annual Contract Value ('ACV') by 66%, its Total Software Licensing revenues by 17%, and its FCF by 21%. Finally, the Company made significant human capital investments, growing employee headcount by 11% in 2021 after it was flat in 2020.

Total Shareholder Return ('TSR')	3 years	3-year average	5 years	5-year average
Temenos	17%	6%	103%	21%
SMI	81%	27%	105%	21%
Stoxx Euro 600	58%	19%	71%	14%
NASDAQ	142%	47%	206%	41%
Average of peer group	56%	19%	131%	26%

Our compensation system and pay delivery for individual executives reflect our "pay for performance" philosophy. For the Executive Chairman and Executive Committee, 82% of target compensation is in the form of performance-based incentives, with pay delivery tied to the achievement of stretch targets and share price performance. 100% of the LTI at Temenos is provided in performance-based Stock Appreciation Rights ('SARs'), which require achievement of rigorous performance goals over a three-year period to be earned, as well as growth in our share price to deliver any value.

Operating metric targets are set at challenging levels of long-term performance, creating a direct link between pay and performance. While the Company delivered exceptional performance and very strong shareholder returns for over six years through to 2018, in recent years realized pay from SARs was zero at vesting, highlighting the rigor of the underlying performance goals. In 2020, due to the pandemic and the impact that it had over on the Company's customers and banks around the world, the performance of the Company was affected. This lowered shareholder returns which in turn led to a significant reduction in total management compensation, even though the driving events were outside of management's control. The lower than target performance in 2020 also impacted all LTI plans that included 2020 performance (i.e., grants made in 2018, 2019 and 2020). The 2018 plan vested at 87% of target, the 2019 plan vested at 60%, and vesting of the 2020 plan, which will be determined at the end of 2022, cannot exceed 67%.

Dilution and cost of Stock Appreciation Rights ('SAR')

The cost of the SAR program in the profit and loss account is the fair value at grant and is disclosed under IFRS rules. From a balance sheet perspective, based on closing share price on 31 December 2021, dilution from all outstanding equity awards would equal 0.6% of total shares outstanding. The dilutive impact of our SARs may increase if earned at above-target levels and if the share price grows, but it cannot exceed 6.3%. The target set by the Compensation Committee is for the cumulative average growth in dilution from all stock-based compensation to remain at less than 2% per annum and we are well below that target for 2021.

This topic is discussed in more detail in section B.7.

Outlook

As we look to the future, Temenos' compensation system must continue to evolve to support our long-term business objectives and human capital strategies. However, our pay for performance philosophy remains a core operating principle. The Compensation Committee believes this evolution should coincide with the Company transitioning to subscription and SaaS models, which will occur over several years. This was discussed with our major shareholders and key proxy advisors, who were broadly supportive in their feedback.

In conclusion, our compensation program reflects a world-class company that is a leader in the global banking software market, which delivers superior returns to its shareholders, customers and other stakeholders. In order to achieve this, the program is designed to build and retain a world-class management team and align their interests with those of our shareholders and drive strong short- and long-term operating results. The Compensation Committee remains committed more than ever to our dialogue with shareholders and we welcome regular feedback on our compensation policies.

On behalf of the Compensation Committee, I wish to thank you for your trust, support, and valuable feedback. We look forward to receiving your support at the AGM.

Dr Homaira Akbari
Chairperson of the Compensation Committee

COMPENSATION REPORT continued

A. Compensation policy and principles

A.1. Compensation objectives

This compensation report has been prepared in accordance with articles 13-17 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies. The report describes the compensation system, the criteria that apply to the compensation of Temenos Executive Committee and the Board of Directors and discloses the amount of compensation paid in 2021. It also details changes to the compensation system for 2022.

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

» Fostering a performance-based corporate culture through a variable pay for performance compensation structure; and
» Making the largest portion of executive compensation dependent on delivering shareholder returns through the achievement of rigorous long-term performance goals and share price appreciation.

Executive compensation consists of three primary components:

(i) fixed cash compensation and benefits;
(ii) variable cash linked to short-term performance targets (i.e., current financial year); and
(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 pay opportunities, 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. Organization and competencies

Executives

The Executive Chairman and the Executive Committee are hereinafter referred to as the "Executives".

The Executives who served in the 2021 financial year are:

Board of Directors:

» Andreas Andreades, Executive Chairman.

Executive Committee:

Following the departure of Jean-Michel Hilsenkopf on 13 January 2021, who retired after more than 27 years' service at Temenos, the Executive Committee was restructured. The Committee members during the year were as follows:

» Max Chuard, Chief Executive Officer ('CEO')
» Panagiotis "Takis" Spiliopoulos, Chief Financial Officer ('CFO')
» Mark Winterburn, Chief Product and Technology Officer ('CPTO')
» Alexa Guenoun, President of the Americas and Global Head of Partners until 13 January 2021 and thereafter Chief Operating Officer ('COO')
» Colin Jarrett, Chief Cloud and Delivery Officer ('CCDO') until 13 January 2021 and thereafter Chief Cloud Officer ('CCO')
» Jacqueline White, President of the Americas from 13 January 2021
» Jean-Paul Mergeai, President of Asia Pacific and Middle East & Africa from 13 January 2021 until 21 July 2021 and thereafter President International Sales
» Philip Barnett, President of Strategic Growth from 13 January 2021
» Deirdre Dempsey, Chief Legal Officer ('CLO') from 13 January 2021
» Martin Häring, Chief Marketing Officer ('CMO') from 21 July 2021
» Jean-Michel Hilsenkopf, Chief Operating Officer ('COO') until 13 January 2021
» David Macdonald, President of Europe from 13 January 2021 until 21 July 2021
» Monica Rancati, Chief Human Resources Officer ('CHRO') until 21 July 2021.

Non-Executive Directors

The Non-Executive Directors who served in the 2021 financial year are:

» Homaira Akbari
» Maurizio Carli
» Ian Cookson
» Erik Hansen
» Peter Spenser
» Thibault de Tersant, Vice-Chairman
» James Benson from 20 May 2021.

A.3. The role of the Compensation Committee

The Compensation Committee is authorized by the Board of Directors:

- To approve compensation practices, policies and procedures that relate to the Executive Committee and other employees of the Company;
- To review and recommend to the Board of Directors the applicable performance targets and the compensation levels;
- To review the competitiveness of the Company's executive compensation programs:
  - To ensure the attraction and retention of members of the Executive Committee to achieve the Company's business objectives;
  - To align the interests of key management to the long-term interests of the Company;
- To review and approve recommendations from the CEO on compensation packages for members of the Executive Committee;
- To make recommendations to the Board of Directors on total compensation for Executive Directors and members of the Executive Committee.

To fulfill its duties, the Compensation Committee typically aims to meet four to five times during the year, however, additional meetings were required this year in order to address the changes being proposed for 2022 and 2023. The table below shows the meetings in order of the cycle that leads to AGM approval:

Month	Regular or one-off	Topics discussed
July	Regular	Review the Compensation Committee terms of reference and review compensation practices and policies for the forthcoming financial year
December	Regular	Review latest peer group data, to review fixed compensation and principles for variable short-term and long-term incentives for Executives for the following fiscal years
January	One-off	The Compensation Committee engaged FW Cook & Co., Inc. ('FW Cook'), an independent consultant to review the Company's peer comparatives, provide insights on the executive compensation program structure and pay levels, and assist in preparation of the shareholder engagement meetings. Three meetings were held in January to evaluate competitive market data, solicit management input on potential refinements to compensation systems for 2022 and 2023, and agree on requests to be presented to shareholders
February	One-off	Two meetings were held to review feedback received from shareholder engagement sessions and further refine the principles of prospective compensation for the fiscal years 2022 and 2023
February	Regular	To approve previous fiscal year performance achievements and payouts, and to approve the current fiscal year performance targets for variable short-term incentive, and to approve the long-term variable compensation grant including performance targets
March	Regular	To finalize the recommendation on principles of prospective compensation for the fiscal year 2023 to be submitted for approval at the Annual General Meeting of Shareholders ('AGM')

As a result of these additional meetings, in the 2021/22 season, the Compensation Committee will have met nine times in total.

The Compensation Committee comprised four Independent and Non-Executive Directors:

- Homaira Akbari, Chairperson
- Maurizio Carli
- Ian Cookson until 20 May 2021
- Peter Spenser
- James Benson from 20 May 2021.

The Compensation Committee members are elected annually by shareholders.

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 of Directors	Compensation Committee	Board of Directors
CEO and other members of the Executive Committee	Compensation Committee	Board of Directors
Non-Executive members of the Board of Directors	Chief Executive Officer	Chairman of the Board

COMPENSATION REPORT continued

A. Compensation policy and principles continued

A.3. The role of the Compensation Committee continued

Benchmarking process and external consultants

To ensure executive compensation is set competitively to attract and retain talented professionals over the long term, the Compensation Committee reviews benchmark data collated from a range of organizations in the technology sector every year.

In 2021, the Compensation Committee engaged FW Cook as its independent compensation consultant to assist in determination of the appropriate peer group, and the benchmarking process. Additionally, the Compensation Committee engaged HCM International, a Swiss-based independent compensation consultant and Homburger, legal advisers, to advise on Swiss governance and local market practices.

With the assistance of FW Cook, the Compensation Committee reviewed the Comparator Group for 2021 using the same criteria as the previous years to support continuity year-over-year:

» Direct competitors in banking and financial services software, including those ranking as global top performers;
» Other software companies that have similar operating characteristics to Temenos in terms of global reach, target markets, competitive dynamics, growth and complexity.

Using these criteria, the independent compensation consultant recommended a largely unchanged fiscal 2021 peer group of 15 companies as follows, which reflect key competitors for business and senior executive talent:

Organization	Country	Organization	Country
ACI Worldwide	USA	Micro Focus International plc	UK
Broadridge Financial Solutions	USA	Q2 Holdings	USA
Citrix	USA	Simcorp	Denmark
Dassault Systèmes	France	Software AG	Germany
Fidelity National Information Services ("FIS")	USA	SS&C	USA
Fiserv	USA	The Sage Group	UK
Jack Henry and Associates	USA	Workday	USA
Logitech International	Switzerland		

Two changes were made since last year. Intuit was removed due to size considerations and Q2 Holdings was added as a relevant industry peer of comparable size. Many of the peer companies are based in the US, reflecting that this is where the majority of the global software competitors are headquartered.

The Compensation Committee recognized that four continuing peers (Dassault Systèmes, FIS, FISERV, and Workday) are materially larger than Temenos. However, the overlap in business focus, customers, and labor market supported their retention. While these companies are included as part of the Compensation Committee assessment of competitive pay practices, pay-level benchmarking was performed both including and excluding these four peers.

Shareholder engagement and outlook for fiscal years 2022 and 2023

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

With regard to executive compensation, we invited our major shareholders representing over 70% of outstanding shares to a meeting with the Temenos Compensation Committee Chairperson. The Chairperson of the Compensation Committee engaged in conference calls with all those who responded to the invitation and with some shareholder advisory groups during January and February 2022. A total of nine meetings were held with shareholders representing approximately 40% of outstanding shares. The major topics discussed were the current design of Temenos' incentive compensation programs, potential changes to better support the business and human capital strategies moving forward, performance metrics and goal setting for both STI and LTI plans, and target pay levels for the Executive Chairman and the Executive Committee.

LTI instruments

Temenos' historic practice of providing top management LTI 100% in the form of performance-based SARs is inconsistent with the practices of our peers. In order to be able to support the attraction and retention of top talent in a highly competitive industry, the Board of Directors has elected to move to a mix of instruments for Executives. While all instruments ensure that the interests of Executives are aligned with shareholders, the mix will reflect current market practice and facilitate recruitment and retention.

In 2023, we plan to introduce a mix of 30% in restricted stock units ('RSUs'), 35% in performance-based stock units ('PSUs'), and 35% in SARs. In 2022 we took the first step towards this mix and awarded 50% SARs and 50% PSUs to top management. The Executive Chairman, CEO and CFO will continue to receive 100% of their LTI in SARs and will not participate in RSUs nor PSUs.

Shareholders expressed support for this gradual move to a different mix and recognized that the proposal was in line with market practice, while requesting that Temenos maintain its performance-based compensation philosophy, hence the limit of 30% weighting for non-performance based elements within the annual compensation program for Executives.

Performance and funding of STI and LTI plans

The rigor of goals underlying Temenos STI and LTI plans was evaluated against the peers, along with relative award funding levels. Temenos' performance thresholds are in line with the peer benchmarks, but its payout levels are lower. The go-forward calibration of the STI and LTI plans was discussed with shareholders, including the plan to raise the minimum level of award funding at the lowest threshold of performance. Shareholders generally did not object to this and were more concerned about funding opportunities at maximum performance levels, where no change is being proposed. In 2022 we are funding the STI plan at 50% when the performance threshold of 90% is reached.

Level of compensation for the fiscal year 2023

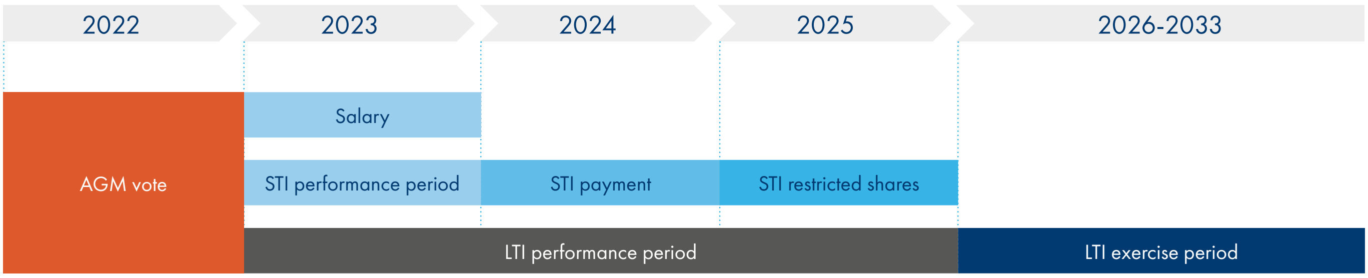
Finally, we sought shareholder views on the level of target compensation for our Executives. The CEO is at the 40th percentile versus the full peer group when comparing 2023 compensation with published 2020 compensation for the peer group. The percentiles are calculated using 2021 proxy data from our peers, reflecting compensation earned in the prior year. Given real-time labor market dynamics in the software sector, the Board of Directors believes that it is important to ensure that 2023 on-target compensation for the CEO and Executive Chairman remains competitive and are proposing a proportionate increase for the two roles at the AGM in May 2022.

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 Compensation that will be approved at the AGM covers the elements below with the respective timing:



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.

COMPENSATION REPORT continued

B. Compensation components

B.1. Summary of compensation elements for employees

The table below explains the compensation elements for the fiscal year 2021:

		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)	Continuity of service over three years plus achievement of three fiscal year operating metrics 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 SAR plan
Payout subject to	**Forfeiture rules**	No	Yes	Yes
	KPIs	No	Yes	Yes
Performance range for Executive Directors, Executive Committee members and senior managers		None	90% target threshold at which zero is paid (80% target threshold for regional revenue targets of Regional Directors).	Up to 33% of target SARs can be funded in each of the three years covered if all annual targets are achieved at 100%
			Linear payout between 90% and 100%, and 2 to 1 ratio performance above 100%: 125% of target performance is required for maximum 150% of target payout	Up to 175% of target SARs can be earned if cumulative three-year performance is at 137.5% of target for all measures, with 0% of target SARs funding if performance is below 85% of target
Settlement		Cash	Cash and deferred shares	Shares
Malus and clawback clauses*		Not applicable	Yes	Yes

* Malus and clawback clauses for both STI and LTI withhold or recover funds for any cases where fraudulent behavior results in numbers being restated for external reporting purposes.

B.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 responsibilities, 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, which for 2021 included non-IFRS software license revenue, SaaS ACV ('Annual Contract Value'), non-IFRS EPS, and operating cash.
» The Executive Chairman and Executive Committee members are given the choice to receive the bonus in cash or to receive 50% in cash and 50% in restricted shares. The share element is eligible for a 20% premium in return for a vesting period until 1 March 2023 for the STI for 2021 and deferred settlement until separation of employment. The CEO elected to receive 50% in cash and 50% in shares.

Variable Long-Term Equity Incentive
» To emphasize long-term performance, with earnout that is variable and linked directly to achievement of key long-term financial performance results, with value delivery also contingent on share price appreciation to support alignment with shareholders.
» 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 130 in the Corporate Governance section. 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 SARs as a variable long-term incentive, consistent with the pay structure for other members of the Executive Committee.

B.3. Summary of key organization and compensation changes in 2021

- The Executive Committee was restructured in January 2021, with further changes made in July 2021:
  - **Alexa Guenoun** was appointed Chief Operating Officer, replacing **Jean-Michel Hilsenkopf**, who retired after more than 27 years' service at Temenos. Alexa had responsibility for global business operations and the services delivery and support organization which she took over from Colin Jarrett. She continued to lead Temenos' Global Partner organization.
  - **Colin Jarrett,** who was Chief Cloud Officer, was appointed as Chief Cloud and Delivery Officer effective 13 January 2021.
  - **Jaqueline White** was recruited as President of the Americas, with responsibility for the North and South America regions.
  - **David Macdonald**, who joined the Company in 2020, was promoted to the Executive Committee as President of Europe in January 2021 until he left Temenos on 21 July 2021.
  - **Jean-Paul Mergeai** was promoted to the Executive Committee as President of APAC and MEA. In July 2021 he took on Europe in addition to his responsibility of APAC and MEA and his title became President International Sales.
  - **Deirdre Dempsey** was promoted to Chief Legal Officer and joined the Executive Committee in January 2021.
  - **Philip Barnett** was promoted to the Executive Committee as President of Strategic Growth. Philip has been with Temenos since 2003 and is focused on leveraging global technology Partners to generate new growth revenue streams for the Company.
  - **Monica Rancati** continued her role as Chief Human Resources Officer until she left Temenos for personal reasons on 21 July 2021.
  - **Martin Häring** was appointed to the Executive Committee as Chief Marketing Officer effective 21 July 2021.
- Points to note for 2021 compensation include the following:
  - In the 2021 shareholder engagement meetings and in the AGM annex for the 2021 meeting we explained to shareholders the changes to the Key Performance Indicators ('KPIs') for the future years of the 2019 and 2020 plans. The changes are explained in more detail in section B.5.
  - The 2019 plan vested in February 2021 with a final payout of 60% since the KPIs in the pandemic year of 2020 were not achieved. The grant price for the 2019 grant was set at USD 136.94 and the closing price on vesting date (14 February 2022) was USD 116.90. As a result, the portion of the SARs earned were out of the money as of the vesting date. However, the Executives have seven years from 14 February 2022 to exercise their earned SARs and realize value when the share price increases above USD 136.94.

B.4. Variable short-term incentive

Performance criteria

Annual targets for Executives are set by the Board of Directors based on recommendations by the Compensation Committee.

For 2021, the short-term incentive plan was based on the following targets:

- Non-IFRS software licensing (30%)
- SaaS ACV (30%)
- Non-IFRS EPS (20%)
- Operating cash flow (20%).

On-target performance is rewarded at 100% of fixed salary. The global targets and respective achievements for the Executives in 2021 are set out in the table below:

2021 Target	Percentage of bonus	Target USD	Actual USD	Threshold %	Achievement %	To be paid %
Non-IFRS software licensing	30%	422m	416m	90%	99%	86%
SaaS ACV	30%	54m	57m	90%	106%	112%
Non-IFRS EPS	20%	3.87	3.80	90%	98%	82%
Net operating cash flow	20%	445m	473m	90%	106%	113%
Total						**98%**

The regional Presidents are incentivized 50% on global achievement and 50% on their regional achievement. Annual incentive payouts for other senior managers are based on a mix of corporate and specific regional objectives.

COMPENSATION REPORT continued

B. Compensation components continued

B.5. Long-term equity incentive

The Company grants Stock Appreciation Rights ('SARs') to Executives and senior managers with performance and vesting criteria. The Board of Directors believes the performance-based SAR plan aligns strongly with the interests of long-term shareholders, as they require achieving rigorous operating metrics (defined below) to be earned and growth in the share price in order to have any value to the recipient. In this way, the Company incentivizes the management team to deliver strong revenue growth and profitability over the long term.

The SAR plan was available for the Executive Chairman, Executive Committee members and senior managers. Grant conditions are linked to the achievement of annual and three-year cumulative targets, with no shares vesting prior to the third-year anniversary of the grant.

SARs are valued on a fair value basis by an independent organization, Algofin AG, using the Enhanced American Model, a sophisticated binomial model, so as 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 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.

Temenos SAR program is stock settled. Employees are given the shares at the 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 or treasury shares. Conditional capital increases are approved by shareholders at the AGM. Conditional capital was used for all SAR exercises in 2021. UBS holds the treasury shares and administers the conditional capital issuance when required in relation to the share scheme.

A one-off loyalty share grant was given to employees (not including Executives) during the year for a total value of USD 43 million. The program was a restricted stock award that vests equally each year over three years.

The tables below provide an overview of the SAR schemes in place together with their performance criteria and pricing. The level and value of awards commensurate with an Executive's contribution to the business.

Overview of Executive SAR schemes

The schemes that are not vested as at 31 December 2021 are outlined in the table below, including 2021 scheme granted in this compensation year:

Year of grant	No. of SARs awarded for Executives[1]	No. of Executives awarded	Exercise price USD	Fair value USD	Grant date	Vesting date
2021	5,000	1	156.81	36.14	21 July 2021	20 July 2024
2021	37,500	1	160.20	37.00	1 July 2021	30 June 2024
2021	741,500	12	143.54	35.57	18 February 2021	On Board of Directors approval of the results for the year ending 31 December 2023
2020	8,693	1	158.36	39.59	14 September 2020	14 September 2023
2020	587,250	7	168.81	39.05	13 February 2020	On Board of Directors approval of the results for the year ending 31 December 2022
2019	70,000	1	147.43	32.10	30 March 2019	On Board of Directors approval of the results for the year ending 31 December 2021
2019	520,085	7	136.94	33.76	13 February 2019	On Board of Directors approval of the results for the year ending 31 December 2021

1 The number of SARs granted includes the number of SARs granted to those who were Executives at the time of grant; this is not equal to the current members.

Vesting conditions
Vesting of the SAR awards occurs after three years, subject to continued employment and the achievement of performance targets described below.

In order to address and support the SaaS acceleration, the Compensation Committee reviewed the LTI KPIs to identify those which best reflect the Company's strategy to accelerate its transition to a SaaS model. During the 2020/2021 proxy season, the Compensation Committee engaged HCM International, an independent compensation consultant, to provide independent advice and support with regard to the review and selection of LTI KPIs, which were approved at the 2021 AGM.

The targets for the SAR schemes outstanding on 31 December 2021 are outlined below:

KPI	Weighting SARs
Total Bookings	60%
Non-IFRS EPS	20%
Free Cash Flow	20%

Rigorous performance goals underline the 2021 LTI plan, with the target three-year CAGR set for Total Bookings at 16%, for non-IFRS EPS at 11% and for Free Cash Flow at 13%. The 2021 annual bookings number was subject to a non-audit assurance engagement performed by PricewaterhouseCoopers SA, our external auditors.

Vesting outcome
The vesting outcome for the SARs granted is the greater of:

i. The sum of the result of each of the three individual years, where one third is based on achievement of annual results for each year. There is no overachievement element on the awards linked to annual targets; where funding is binary at either 0 or 100%;
ii. Three-year cumulative goals, which requires achievement being greater than 85% of the sum of the annual targets, with the potential for funding at up to 175% of the target SARs as explained below.

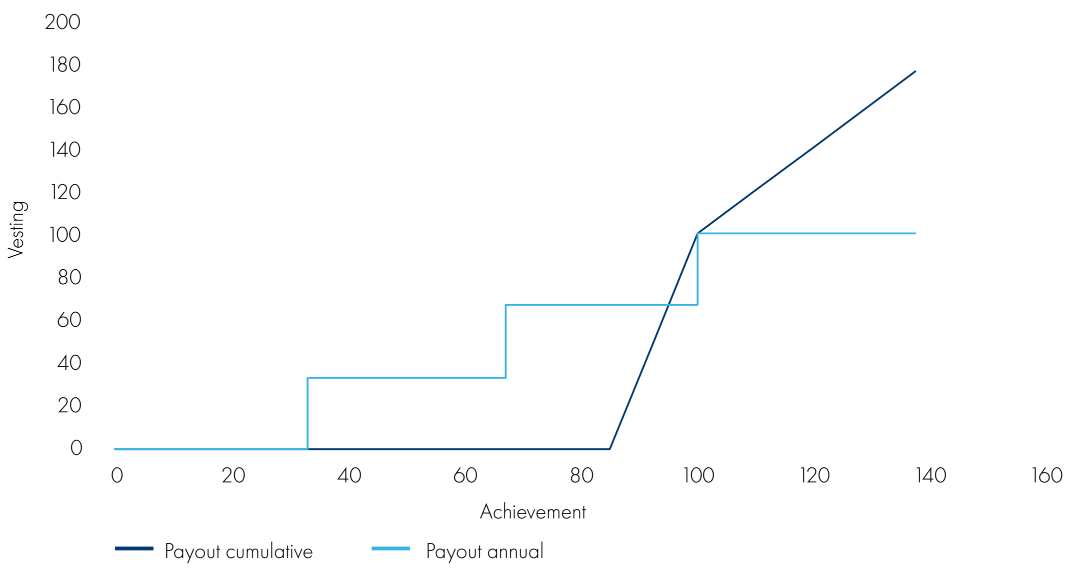
Over/under achievement for the cumulative performance of SAR schemes
For achievement between 85% and 100% of target a pro-rated reduced amount will vest. Above 100% achievement, for every 1% overachievement of the three years cumulative for each KPI target, an additional 2% of SARs may be granted up to a maximum of 175% of the total grant. Below 100% achievement, for every 1% underachievement, 6.67% of the number of SARs are forfeited so that funding equals 0% at 85% of target. Intermediate performance is pro-rated on a straight-line basis between the data points shown.

Cumulative achievement for each KPI:

Achieved as % of cumulative target	85%	92.5%	100%	110%	120%	137.5%
Proportion vesting	0%	50%	100%	120%	140%	175%

Below the vesting shown pictorially:

Annual and cumulative vesting



COMPENSATION REPORT continued

B. Compensation components continued

B.5. Long-term equity incentive continued

Achievement of the 2019 LTI SAR scheme

Under the 2019 LTI SAR scheme, which vested on 14 February 2022, the performance targets at grant had been set as 60% non-IFRS product revenues and 40% non-IFRS EPS. The 2021 KPIs were modified to align with the three KPIs implemented for the 2021 LTI plan. This was discussed in the shareholder engagement sessions in January 2021 and included in the annex presented to shareholders at the AGM in May 2021. Product Revenues was replaced with Total Bookings to ensure that growth in the SaaS business was incentivized in the same way as the growth in the license business. Non-IFRS EPS target was down-weighted from 13.3% in 2020 to 6.7% in 2021 and Free Cash Flow ('FCF') was added at a 6.7% weighting.

The reason for this change was to ensure that:

» Management was aligned with the strategy of the Company and understood what was expected of them; and
» There was consistency between the different plans.

As the KPIs were different for earlier and later years (e.g. Product Revenues for fiscal years 2019 and 2020 and Total Bookings for fiscal year 2021), the cumulative overachievement was no longer applicable, only the annual targets for each KPI were applicable for assessment. Annual targets are binary, hence they are either met or not.

The payout for the 2019 LTI SAR plan is as follows:

Payout for 2019 SAR plan	Weighting	Vesting
Non-IFRS Product Revenues/Total Bookings[1]	60%	67%
Non-IFRS EPS/FCF[2]	40%	50%
Combined payout		**60%**

1 The targets for 2019 and 2021 were met, the target for 2020 was not met.
2 The target for 2019 was met, 2020 was not met, and the FCF element of 2021 was met.

On 14 February 2022, the vesting date, the closing share price of USD 116.90 meant that realized pay from the earned SARs was zero given the exercise price of USD 136.94. However, the executives have an additional seven years during which time they can exercise the SARs supporting go-forward shareholder alignment.

B.6. Share ownership

Executives

The following minimum amounts of shares must be held:

Executive Chairman	4 times annual fixed salary
CEO	5 times annual fixed salary
CFO, CRO	2 times annual fixed salary
Other Executives	1 time annual fixed salary

New members must satisfy the requirement by the later of three 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 minimum.

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 2022 is calculated based on the share price of 31 December 2021 and fixed salary for the year 2022 as at 1 January 2022. This allows the Executives sufficient time to take any required actions. Only owned Temenos shares (including in the form of ADRs) are counted when evaluating compliance with the guideline. Unexercised SARs do not count.

Non-Executive Directors

Non-Executive Directors must hold shares with a value equivalent to the annual retainer fee. This must be effective by May 2023. New Non-Executive Directors must adhere to this guideline within three years of election at AGM.

The shareholdings for both Executives and Non-Executive Directors are shown in section F.1.

B.7. Dilution and capital requirements

A SAR is an incentive given to employees that aligns their interest with shareholders, with realized pay equal to the appreciation of Company stock over an established time period. Similar to employee stock options, SARs are beneficial to the employee when the 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 100 are exercised when the share price is USD 150, then the gain is USD 50,000, equivalent to a 333 share dilution (USD 50,000 divided by USD 150).

When issuing SARs, the Compensation Committee reviews the potential dilution to ensure that it remains within our target of no more than 2% per annum ('pa') increase on a CAGR basis. The dilution for the period 2019-2021, the period over which the 2019 LTI SAR scheme vested on a CAGR basis, was 0.5% pa.

The total cumulative dilution as of 31 December 2021 from all outstanding SARs, stock options, loyalty shares and STI shares has been calculated at the balance sheet date and subsequently based on various simulations in the table below. 0.7 million of the SARs are included already in the EPS dilution.

Simulations	No. of shares million	No. of SARs/ restricted shares million	Average price USD	Assumed share price on exercise USD	No. of shares to be created million	Dilution	No. of SARs included in diluted EPS million
Closing share price	71.6	4.3	125.40	**138.1**	0.4	**0.6%**	**0.7**
15% growth	71.6	4.3	125.40	**210.0**	1.7	**2.4%**	**0.7**
30% growth	71.6	4.3	125.40	**303.3**	2.5	**3.4%**	**0.7**
Maximum dilution with full overachievement (infinite share price)	71.6	4.8	125.40	**na**	4.8	**6.3%**	**0.7**

The conditional capital of 3.1 million shares that is available at 31 December 2021 covers this requirement and our dilution cannot exceed 6.3% 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. (4.3 million + 0.5 million) /(4.3 million + 0.5 million + 71.6 million). A more realistic estimate is a dilution of 1.7 million shares based on a CAGR share price growth of 15% over the next three years, which would translate into dilution of 2.4%.

B.8. 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.

B.9. Compensation elements for Non-Executive Directors

The Non-Executive Directors were compensated in 2021 with a fee for their Board duties of USD 108,000, together with a supplementary fee for their role as Chairperson of the Audit and Compensation Committees respectively USD 42,000. The detail by person is provided in section D.

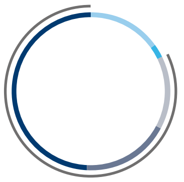
COMPENSATION REPORT continued

C. 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 2021.

2021 Executive Chairman and Executive Committee



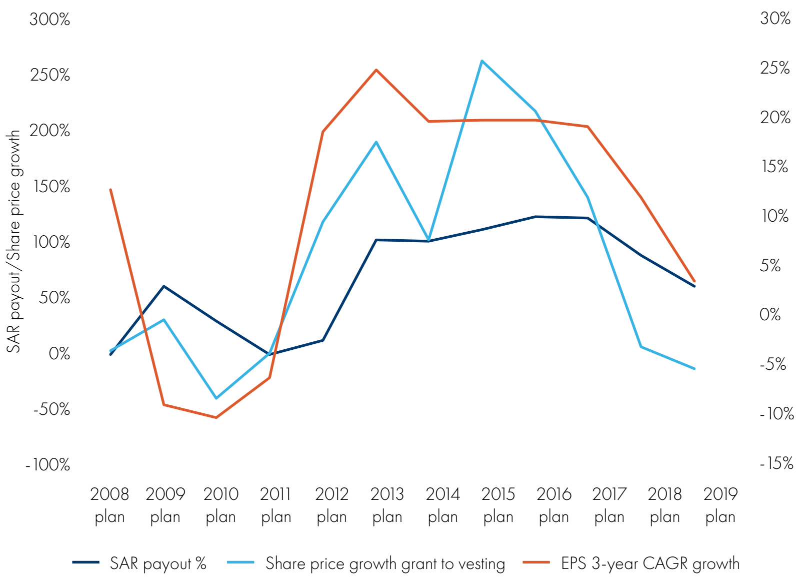
The fixed salary and benefits are the only unconditional, (i.e. non-risk) components; short-term variable ('STI') compensation is dependent on the achievement of the results for 2021 and long-term incentive ('LTI') is dependent on the achievement of the results for the three-year period 2021 to 2023 inclusive.

In 2021, 82% of total compensation was variable and conditional upon performance targets and therefore at risk.

The 'LTI earned' is the part of the 2021 grant relating to the delivery of Total Bookings, Non-IFRS EPS and Free Cash Flow targets for the financial year 2021 that have been achieved. The targets for Total Bookings and Free Cash Flow for 2021 have been met, the target for Non-IFRS EPS was not met. The LTI is subject to both performance and time vesting criteria and will not vest until February 2024.

SAR payout vs EPS and share price growth

With regard to the Long-Term Incentive Plan, the chart below shows the long-term alignment of SAR funding vs the annual growth of our non-IFRS EPS and share price performance.



Year of LTI SAR plan	Final vesting
2007	100%
2008	0%
2009	60%
2010	30%
2011	0%
2012	13%
2013	101%
2014	100%
2015	110%
2016	121%
2017	120%
2018	87%
2019	60%

Operating metric targets are set at challenging levels of long-term performance, creating a direct link between pay and performance. The Company has had an exceptional performance with very strong shareholder returns for over six years through 2018. Over this period, average SAR funding was at below-target levels, highlighting the rigor of the underlying performance goals. In 2020, due to the pandemic and the impact that it had over the Company's customers and banks around the world, the performance of the Company was affected. This impacted shareholder returns which in turn led to a reduction in management's realized pay, even though the driving events were outside of management's control. The lower than target performance in 2020 impacted LTI plans of 2018, 2019 and will impact 2020.

D. Compensation for financial year under review – audited

This section (section D on pages 149 to 152) has been audited by Temenos' auditors, PricewaterhouseCoopers SA.

As individuals are paid in currencies other than US dollars, the amounts in the tables below are converted into US dollars using the average exchange rate for 2021 and the average exchange rate for 2020 respectively. Comparison between these two years may be distorted through the exchange rate fluctuations.

The LTI value included in the compensation tables below represents the full fair value of the on-target achievement at the time of grant i.e. for 2021 it includes 100% of the fair value of the 2021 grant calculated by a third party using the binomial method. The SARs grant (number of SARs) is only realized if (i) Total Bookings, non-IFRS EPS and Free Cash Flow targets are achieved, individually or collectively, and (ii) the time vesting criteria have been satisfied. Further, for any LTI value to be realized by the Executives from the SAR grant, the stock price has to rise above the grant price after the conclusion of the three-year performance/vesting period. The valuation method, conditions and grant details are explained in the paragraph titled Compensation components.

In order for the 2021 fair value (i.e. the LTI value recorded in the compensation tables below) to be realized at 100% for the employee, the following conditions need to be satisfied:

» Non-IFRS Bookings of at least 16% CAGR growth over the three years and non-IFRS EPS CAGR growth of at least 11% and Free Cash Flow growth of at least 13% (or a different combination between the three in accordance with the weightings and over/under achievement)
AND
» Stock price CAGR growth of at least 7.7% compared to the grant date stock price of USD 143.54 (i.e. the 7.7% increase at 100% vesting will deliver a gain equivalent to the LTI value in the tables below).

D.1. Board of Directors

The total compensation for the Board of Directors including social security charges totals USD 7.5 million compared to a total maximum compensation of USD 7.8 million approved by the shareholders at the AGM on 20 May 2020.

COMPENSATION REPORT continued

D. Compensation for financial year under review – audited continued

D.1. Board of Directors continued

The total Executive Chairman's 2021 compensation of USD 6.7 million, includes USD 0.7 million of fixed salary and Board fee, USD 0.7 million of STI incentive following achievement of 98% against target and USD 5.1 million for LTIs at fair value at time of grant, based on a share price at grant of USD 143.54. To earn this value, the performance criteria must be met, and share price must grow to USD 179 by 15 February 2024.

All numbers in USD Name Board function	Year	Fixed fee/ salary	Variable short-term incentive[1]	All other compensation[2]	Total compensation before LTI	LTI value	Total compensation	Employer social security charges[3]	Total compensation including social security charges	Maximum shareholder approval
A. Andreades[4]	2021	680,392	670,840	172,658	**1,523,890**	5,146,979	**6,670,869**	9,685	**6,680,554**	
Executive Chairman	2020	443,494	–	153,880	**597,374**	5,146,790	**5,744,164**	6,516	**5,750,680**	
T. de Tersant[5]	2021	150,000	–	–	**150,000**	–	**150,000**	13,426	**163,426**	
Vice-Chairman	2020	150,000	–	–	**150,000**	–	**150,000**	13,370	**163,370**	
H. Akbari[6]	2021	150,000	–	–	**150,000**	–	**150,000**	–	**150,000**	
Member	2020	93,750	–	–	**93,750**	–	**93,750**	–	**93,750**	
J. Benson	2021	67,500	–	–	**67,500**	–	**67,500**	–	**67,500**	
Member	2020	–	–	–	**–**	–	**–**	–	**–**	
M. Carli	2021	108,000	–	–	**108,000**	–	**108,000**	9,667	**117,667**	
Member	2020	67,500	–	–	**67,500**	–	**67,500**	5,761	**73,261**	
I. Cookson	2021	108,000	–	–	**108,000**	–	**108,000**	7,035	**115,035**	
Member	2020	108,000	–	–	**108,000**	–	**108,000**	7,039	**115,039**	
E. Hansen	2021	115,035	–	–	**115,035**	–	**115,035**	–	**115,035**	
Member	2020	114,516	–	–	**114,516**	–	**114,516**	–	**114,516**	
P. Spenser	2021	108,000	–	–	**108,000**	–	**108,000**	–	**108,000**	
Member	2020	108,000	–	–	**108,000**	–	**108,000**	–	**108,000**	
S. Giacoletto-Roggio[7]										
Vice-Chairman	2021	–	–	–	**–**	–	**–**	–	**–**	
to 20 May 2020	2020	56,250	–	–	**56,250**	–	**56,250**	4,140	**60,390**	
G. Koukis	2021	–	–	–	**–**	–	**–**	–	**–**	
Member	2020	40,500	–	–	**40,500**	–	**40,500**	3,249	**43,749**	
A. Yip	2021	–	–	–	**–**	–	**–**	–	**–**	
Member	2020	40,500	–	–	**40,500**	–	**40,500**	2,816	**43,316**	
Total Board	2021	1,486,927	670,840	172,658	**2,330,425**	5,146,979	**7,477,404**	39,813	**7,517,217**	7,800,000
of Directors	2020	1,222,510	–	153,880	**1,376,390**	5,146,790	**6,523,180**	42,891	**6,566,071**	7,800,000

1 The variable short-term incentive is 98% of the on-target payable amount. The variable short-term incentive is payable by March 2022.
2 All other compensation includes life, medical, disability, accident insurances, pension and car allowance.
3 Social security charges comprise actual charges on base salary and other compensation, and estimated social security charges to be paid for bonus and LTIs (based on the fair value) granted in the year of compensation.
4 Mr. Andreades' total compensation includes fees of USD 108,000 for his Board duties, the remainder represents compensation for his executive duties. Mr. Andreades' long-term incentive plan compensation corresponds to the full fair value, as at grant, of the 2021 executive team SAR award. The LTI for Mr. Andreades consists of 144,700 SARs which were granted on 18 February 2021 at a grant price of USD 143.54 and a fair value of USD 35.57 per grant.
5 Mr. de Tersant's fees comprise a basic fee of USD 108,000 annually plus USD 42,000 annually for his duties as Chairman of the Audit Committee. He does not receive additional fees for his duties as Vice-Chairman of the Company.
6 Dr. Homaira Akbari's fees comprise a basic fee of USD 108,000 annually plus USD 42,000 annually for her duties as Chairperson of the Compensation Committee. For 2020 she was eligible to 62.5% of these fees.
7 Mr. Giacoletto-Roggio's fees comprise a basic fee of USD 108,000 (USD 105,000 for 2019) annually plus USD 42,000 (USD 40,000 for 2019) annually for his duties as Chairman of the Compensation Committee. For 2020 he was eligible to 37.5% of these fees. He did not receive additional fees for his duties as Vice-Chairman of the Company.

D.2. Executive Committee

The total compensation for the 11 members (weighted average during the year of 10.4 members) of the Executive Committee including social security charges totals USD 36.9 million. Shareholders approved USD 28.4 million at the AGM on 20 May 2020 for six members (weighted average during the year of 6.4 members). As the maximum amount of executive compensation for the year 2021 (USD 28.4 million) was approved before the decision to strengthen the Executive Committee with additional functions, in order to compensate the five Executive Committee members who joined Temenos in 2021, we made use of the supplementary amount foreseen by the Temenos Articles of Association in the event of changes in the executive management. In accordance with Article 26, up to 40% of the total amount last approved by the AGM can be spent for new members of the Executive Committee per compensation period. Although the total maximum compensation has increased by 62%, the average per person has remained flat despite 2020 being a year when the Executives forgave a part of their fixed salary and no STI was earned.

The total of all compensation, in US dollars, earned in 2021 and 2020 by the members of the Executive Committee is shown below. The total compensation of USD 34.9 million, includes USD 22.7 million for LTIs at fair value at time of grant, based on a share price at grant of USD 143.54 for the main February grant. To earn this value, the performance criteria must be met, and share price must grow to USD 179 by 15 February 2024.

All numbers in USD Year	Base salary	Variable short-term incentive[1]	All other compensation[2]	Total compensation before LTI	LTI Value[3]	Total compensation	Employer social security charges[4]	Total compensation including social security charges	Maximum shareholder approval
2021	5,372,063	5,628,051	1,155,691	**12,155,805**	22,796,376	**34,952,181**	1,986,689	**36,938,869**	28,400,000 plus max. of 11,360,000 for new members
2020	2,629,686	–	332,449	**2,962,135**	18,129,477	**21,091,612**	1,701,637	**22,793,249**	27,200,000

1 The variable short-term incentive is 98% of the on-target payable amount. The variable short-term incentive is payable by March 2022.
2 All other compensation includes life, medical, disability, accident insurances, pension and car allowance.
3 The LTI for the Executive Committee consists of 731,300 SARs which were granted on 18 February 2021 at a grant price of USD 143.54 and a fair value of USD 35.57, 37,500 on 1 July 2021 at a grant price of USD 160.20 and a fair value of USD 37.00, and 5,000 on 21 July 2021 at a grant price of USD 156.81 and a fair value of USD 36.14.
4 Social security charges comprise actual charges on base salary and other compensation, and estimated social security charges to be paid for bonus and LTIPs (based on the fair value) granted in the year of compensation.

Average compensation per member in 2021 was USD 3.55 million (2020: USD 3.56 million).

D.3 Highest paid member of the Executive Committee

Mr. Chuard, our CEO, was the highest paid member of the Executive Committee in 2021 with compensation, in US dollars, as shown below. 88% of his total compensation in 2021 was variable and conditional upon the 2021-2023 performance targets to be achieved.

All numbers in USD Year	Base salary	Variable short-term incentive[1]	All other compensation	Total compensation before LTI	LTI Value[2]	Total compensation	Employer social security charges	Total compensation including social security charges
2021	864,141	931,544	99,252	**1,894,936**	6,242,535	**8,137,471**	701,822	**8,839,293**
2020	560,844	–	53,337	**614,181**	6,242,142	**6,856,323**	590,764	**7,447,087**

1 The variable short-term incentive is 98% of the on-target payable amount. The variable short-term incentive is payable by March 2022.
2 The LTI for the CEO consists of 175,500 SARs which were granted on 18 February 2021 at a grant price of USD 143.54 and a fair value of USD 35.57.

COMPENSATION REPORT continued

D. Compensation for financial year under review – audited continued

D.4. Compensation in CHF

Pursuant to Article 958d alinea 3 of the Swiss Code of Obligations, compensation amounts may be quoted in the most significant currency of the business activity, in Temenos' case it is USD, but must also be quoted in CHF. The amounts quoted below in CHF for the Board of Directors, the Executive Committee and highest paid Executive Committee member respectively are calculated taking the USD amount converted at the average exchange rate for the year. The exchange rate used in 2021 was 0.9142 (2020: 0.9391).

Function CHF	Year	Fixed fee/salary	Variable short-term incentive	All other compensation	Total compensation before LTI	LTI value	Total compensation	Employer social security charges	Total compensation including social security charges
Board of Directors	2021	1,359,353	613,284	157,844	**2,130,481**	4,705,384	**6,835,865**	36,397	**6,872,263**
	2020	1,148,012	–	144,503	**1,292,515**	4,833,152	**6,125,667**	40,277	**6,165,944**

Function CHF	Year	Base salary	Variable short-term incentive	All other compensation	Total compensation before LTI	LTI value	Total compensation	Employer social security charges	Total compensation including social security charges
Executive Committee	2021	4,911,157	5,145,181	1,056,536	**11,112,874**	20,840,517	**31,953,391**	1,816,237	33,769,628
	2020	2,469,436	–	312,190	**2,781,626**	17,024,693	**19,806,319**	1,597,942	21,404,261

Function CHF	Year	Base salary	Variable short-term incentive	All other compensation	Total compensation before LTI	LTI value	Total compensation	Employer social security charges	Total compensation including social security charges
CEO	2021	790,000	851,620	90,736	**1,732,356**	5,706,945	**7,439,301**	641,608	**8,080,909**
	2020	526,666	–	50,087	**576,753**	5,861,755	**6,438,508**	554,763	**6,993,271**

D.5. Loans granted to members of governing bodies

As of 31 December 2021 and 31 December 2020 the Company has no outstanding loans to members of the Board of Directors and Executive Committee other than a bridging loan of USD 31,629 to CPTO which is to compensate his adverse tax position from his combined residence in both the UK and Switzerland, where he spends time at the request of Temenos. No loans were granted to persons related to the Board of Directors or Executive Committee.

E. The year ahead: compensation of the Board of Directors and Executive Committee for fiscal year 2022
At the AGM in 2021, the shareholders approved total compensation including social charges for year 2022 for the Board of Directors of USD 8.2 million and for the Executive Committee of USD 40 million.

E.1. Changes that affect 2022 Board compensation
The Board consists of the following members as at February 2022:

» Andreas Andreades, Executive Chairman
» Thibault de Tersant, Vice-Chairman
» Homaira Akbari
» Maurizio Carli
» Ian Cookson
» Erik Hansen
» Peter Spenser
» James Benson.

The cash fees for the Board members are increasing in 2022. Board fees are increasing from USD 108,000 to USD 140,000. The fees for the Chairman of the Audit Committee are increasing from USD 42,000 to USD 55,000. The fees for the Chairperson of the Compensation Committee are increasing from USD 42,000 to USD 45,000. The Chairman of the Nomination Committee will be receiving fees of USD 35,000. Additional fees for Directors traveling long haul have been introduced, for an annual amount of USD 10,000.

E.2. Changes that affect 2022 fixed Executive Committee compensation
Following the appointment of Erich Gerber as CRO, the Executive Committee for 2022 was simplified as follows:

» Max Chuard, Chief Executive Officer ('CEO')
» Erich Gerber, President and Chief Revenue Officer ('CRO') from 1 March 2022
» Panagiotis "Takis" Spiliopoulos, Chief Financial Officer ('CFO')
» Martin Häring, Chief Marketing Officer ('CMO')
» Colin Jarrett, Chief Client Delivery Officer ('CCDO')
» Jayde Tipper, Chief People Officer ('CPO')
» Prema Varadhan, Chief Product and Technology Officer ('CPTO') from 10 January 2022.

The below stepped down from the Executive Committee on 14 February 2022 but will continue in their roles:

» Philip Barnett, President of Strategic Growth
» Kalliopi Chioti, Chief Environmental, Social and Governance ('ESG') Officer
» Deirdre Dempsey, Chief Legal Officer ('CLO')
» Jean-Paul Mergeai, President International Sales
» Jacqueline White, President of the Americas.

Mark Winterburn, Chief Product and Technology Officer ('CPTO'), and Alexa Guenoun, Chief Operating Officer ('COO'), stepped down from the Executive Committee on 10 January 2022 and will be leaving Temenos after a short period of handover to their successors.

E.3. 2022 variable short-term incentive for Executives
For 2022, the performance metrics and weighting will remain the same as in 2021, as follows:

KPI for STI 2022	Weighting
Non-IFRS software licensing	30%
ACV	30%
Non-IFRS EPS	20%
Operating cash flow	20%

The targets are considered commercially sensitive and are not disclosed in advance. The minimum threshold remains at 90%, where funding will be set at 50%, which is informed by practices at our peers. Maximum performance is set at 125% of target and results in 150% funding.

COMPENSATION REPORT continued

E. The year ahead: compensation of the Board of Directors and Executive Committee for fiscal year 2022 continued

E.4. 2022 long-term incentive plan awards for Executives

The LTI award for 2022 was issued in February 2022. Following extensive shareholder engagement in January and February 2022, the shareholders supported a transition to a mix of different instruments. For 2022, the Board of Directors has elected to grant the members of Executive Committee (excluding the CEO) 50% of 2022 LTI equity in the form of SARs and the other 50% in the form of Performance Restricted Share Units ('PSUs'). The Executive Chairman, CEO and CFO will continue receiving 100% of their LTI equity in the form of SARs.

Both SARs and PSUs for 2022 are subject to the same performance conditions, minimum and maximum performance thresholds, funding schedule and the three-year vesting period, as described below.

The KPIs for fiscal year 2022 remain the same as those for fiscal year 2021:

KPI for LTI 2022-2024[1]	Weighting
Total Bookings[2]	60%
Non-IFRS EPS	20%
Free Cash Flow	20%

1 These KPIs were generally received positively by equity research analysts and investors, as evidenced in the Capital Markets Day held in February 2021 when they were first introduced. They support the transition of the Company's business to the SaaS model.
2 Total Bookings include: fair value of license, committed maintenance, subscription and SaaS contract values. All must be contractually committed and evidenced by duly signed agreements. Discounts are tightly controlled and a strict internal approval process is in place to ensure these are managed. The Total Bookings number is reported quarterly in the Company's external reporting.

Vesting curve

The vesting curve for all of the above KPI metrics will be as follows (same as in previous years for non-IFRS product revenues and non-IFRS EPS):

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 the over or underachievement vests as per the chart below.

Achievement as % of Cumulative target	85%	92.5%	100%	110%	120%	137.5%
Proportion vesting	0%	50%	100%	120%	140%	175%

The 2022 LTI plan, the target CAGR growth for Total Bookings is set at 17%, for non-IFRS EPS is set at 12% and for Free Cash Flow is set at 4%. The reason Free Cash Flow is lower than the 2021 LTI plan is because the Company is rebasing its cash flows in connection with the transition to subscription contracting for the on-premise business. Our expectation is that growth in FCF will revert to historic levels following the transition.

E.5. 2022 Compensation plan components

For 2022, the split of aggregate compensation for the Executives at the on-target level is shown below. The majority of compensation (88%) is at risk and dependent on achieving the targets for STI KPI metrics – the total non-IFRS software licensing, SaaS ACV, non-IFRS EPS, and operating cash flow during the 2022 financial year – and on achieving the three-year period for 2022 LTI KPI metrics – Total Bookings, non-IFRS EPS and Free Cash Flow targets for the 2022 to 2024 financial years. The only fixed compensation which is guaranteed is the fixed salary and benefits which, in aggregate amount to 12% of the on-target total compensation.

2022 Executives

Fixed fee/salary	11%
Other compensation	1%
On target Variable short-term incentives	17%
On target Long-term incentive	71%
At risk compensation	88%

The Variable STI and LTI for 2022 are subject to delivery of the above-mentioned targets for the financial years 2022, 2023 and 2024 and are therefore still at risk.

F. Other information

F.1. Shareholdings and equity incentives

Non-Executive Directors

Name	Position	31 December 2021 shares	31 December 2020 shares
T. de Tersant	Vice-Chairman	**3,000**	3,000
H. Akbari[1]	Member	**100**	100
M. Carli	Member	**1,000**	1,000
I. Cookson	Member	**16,000**	15,500
E. Hansen	Member	**2,500**	2,500
P. Spenser[1]	Member	**950**	950
J. Benson[1]	Member	**360**	na

1 Dr. Akbari, Dr. Spenser and Mr. Benson held shares in the form of American depositary receipts ('ADRs').

Executive Chairman and Executive Committee members

		Shares			
Name	Position as at 31 December 2021	Number of shares 2021	Number of unvested RSUs 2021	Number of shares 2020	Number of unvested RSUs 2020
A. Andreades	Executive Chairman	796,752	–	896,752	–
M. Chuard	CEO	75,000	3,636	75,000	–
P Spiliopoulos	CFO	–	–	–	–
M. Winterburn	CPTO	3,975	–	3,975	–
A. Guenoun	COO	1,368	–	1,368	–
C. Jarrett	CCO	2,138	–	800	–
P. Barnett	President of Strategic Growth	3,000	–	na	na
D. Dempsey	CLO	2,086	1,138	na	na
J.P. Mergeai	President International Sales	7,898	–	na	na
J. White	President of the Americas	–	–	na	na
M. Häring	CMO	–	–	na	na
J. Hilsenkopf	COO until 13 January 2021	na	na	16,301	–
M. Rancati	CHRO until 21 July 2021	na	na	–	–

COMPENSATION REPORT continued

F. Other information continued

F.1. Shareholdings and equity incentives continued

Executive Chairman and Executive Committee members continued

Name	Position as at 31 December 2021	Grant year	Plan	Exercise price USD	Number of vested SARs 31 December 2021	Number of unvested SARs 31 December 2021	Number of vested SARs 31 December 2020	Number of unvested SARs 31 December 2020
A. Andreades	Executive Chairman	2018	2018 scheme[1]	127.00	135,203	–	–	155,450
		2019	2019 scheme[2]	136.94	–	138,600	–	138,600
		2020	2020 scheme	168.81	–	131,800	–	131,800
		2021	2021 scheme	143.54	–	144,700	–	–
M. Chuard	CEO	2017	2017 scheme	70.87	–	–	304,454	–
		2018	2018 scheme[1]	127.00	117,793	–	–	135,430
		2019	2019 scheme[2]	136.94	–	168,085	–	168,085
		2020	2020 scheme	168.81	–	159,850	–	159,850
		2021	2021 scheme	143.54	–	175,500	–	–
P. Spiliopoulos	CFO	2019	2019 scheme[2]	147.43	–	70,000	–	70,000
		2020	2020 scheme	168.81	–	72,000	–	72,000
		2021	2021 scheme	143.54	–	79,000	–	–
P. Barnett[3]	President Strategic Growth	2021	2021 scheme	143.54	–	15,000	na	na
D. Dempsey[3]	CLO	2021	2021 scheme	143.54	–	15,000	na	na
A. Guenoun[3]	COO	2019	2019 scheme[2]	136.94	–	37,000	–	37,000
		2020	2020 scheme	168.81	–	50,000	–	50,000
		2021	2021 scheme	143.54	–	79,800	–	–
M. Häring	CMO	2021	2021 scheme	160.20	–	37,500	na	na
C. Jarrett[3]	CCO	2020	2020 scheme	168.81	–	25,000	–	25,000
		2021	2021 scheme	143.54	–	15,000	–	–
J.P. Mergeai[3]	President International Sales	2021	2021 scheme	143.54	–	53,000	na	na
				156.81	–	5,000	na	na
J. White	President of the Americas	2021	2021 scheme	143.54	–	43,100	na	na
M. Winterburn	CPTO	2017	2017 scheme	70.87	–	–	20,000	–
		2018	2018 scheme[1]	127.00	30,000	–	–	37,000
		2019	2019 scheme[2]	136.94	–	41,000	–	41,000
		2020	2020 scheme	168.81	–	55,000	–	55,000
		2021	2021 scheme	143.54	–	55,000	–	–
J. Hilsenkopf[3,4]	COO (until 13 January 2021)	2018	2018 scheme[1]	70.87	na	na	–	92,000
		2019	2019 scheme[2]	136.94	na	na	–	98,400
		2020	2020 scheme	168.81	na	na	–	93,600
M. Rancati[5]	CHRO (until 21 July 2021)	2020	2020 scheme	158.36	na	na	–	8,693

1 The SARs granted under the 2018 scheme vested on 17 February 2021. The final vesting was at 87%. The reduction of 13% was reflected in 2021.
2 The SARs granted under the 2019 scheme vested on 14 February 2022. The final vesting was at 60%. The numbers above will be reduced by 40% in 2022.
3 The SARs shown above only include outstanding SARs granted since appointment to the Executive Committee.
4 Mr. Hilsenkopf resigned from the Executive Committee on 13 January 2021. He was eligible for the SARs from the 2019 scheme on a pro rata basis based on performance achievement and the SARs from the 2020 scheme were forfeited.
5 Ms. Rancati resigned from the Executive Committee on 21 July 2021 and the SARs from the 2020 and 2021 schemes were forfeited.

No options and/or shares were held on 31 December 2021 and 2020 by persons related to the members of the Board of Directors or the Executive Committee.

F.2. Options and SARs outstanding

The following table lists all options and SARs outstanding as at 31 December 2021. This includes the SARs outstanding for the Executive Chairman and Executive Committee members shown in the tables on page 156 and all other staff eligible for options and SARs.

Grant year	Plan	Exercise price USD[1]	Total number of outstanding SARs	Number of unvested SARs[2]	Number of vested SARs	Number of RSUs
2012	2012	13.33	1,185		1,185	
2012	2012	14.64	1,473		1,473	
2012	2012	10.88	4,105		4,105	
2012	2013	11.93	50,000		50,000	
2013	2013	15.83	15,210		15,210	
2013	2013	18.01	27,944		27,944	
2014	2014	35.33	2,000		2,000	
2014	2015	35.15	26,585		26,585	
2014	2015	35.45	41,438		41,438	
2016	2016	57.07	3,387		3,387	
2016	2016	43.69	52,622		52,622	
2016	2016	57.07	55,541		55,541	
2016	2016	65.92	3,634		3,634	
2017	2017	70.87	164,387		164,387	
2017	2017	80.86	2,394		2,394	
2017	2017	101.86	1,197		1,197	
2018	2018	127	532,221		532,221	
2018	2018	127.68	1,305		1,305	
2018	2018	161.33	2,610		2,610	
2018	2018	164	4,349		4,349	
2018	2018	138.63	868		868	
2018	2019	113.64	4,000	4,000		
2019	2019	136.94	699,252	699,252		
2019	2019	147.43	70,000	70,000		
2019	2019	164.57	2,000	2,000		
2019	2019	149.37	4,000	4,000		
2019	2019	160.9	7,500	7,500		
2019	2019	151.75	2,000	2,000		
2019	2019	146.46	1,000	1,000		
2019	2019	144.09	8,200	8,200		
2019	2019	136.94	40,000	40,000		
2019	2019	136.94	8,000	8,000		
2019	2020	144.77	44,000	44,000		
2020	2020	129.36	15,000	15,000		
2020	2020	134.04	15,000	15,000		
2020	2020	134.69	2,500	2,500		
2020	2020	142.68	1,000	1,000		
2020	2020	160.35	1,000	1,000		

COMPENSATION REPORT continued

F. Other information continued

F.2. Options and SARs outstanding continued

Grant year	Plan	Exercise price USD[1]	Total number of outstanding SARs	Number of unvested SARs[2]	Number of vested SARs	Number of RSUs
2020	2020	168.81	732,900	732,900		
2020	2020	143.97	2,000	2,000		
2020	2020	115.91	4,000	4,000		
2020	2020	153.57	1,000	1,000		
2020	2020	135	38,500	38,500		
2020	2020	168.81	22,000	22,000		
2020	2020	115.91	10,000	10,000		
2020	2020	115.91	30,000	30,000		
2020	2020	124.5	23,187	23,187		
2020	2020	–	721			721
2020	2021	–	5,574			5,574
2021	2021	126.97	2,000	2,000		
2021	2021	128.74	4,000	4,000		
2021	2021	136.61	8,000	8,000		
2021	2021	137.36	1,000	1,000		
2021	2021	142.11	7,000	7,000		
2021	2021	143.54	1,094,600	1,094,600		
2021	2021	144.36	5,000	5,000		
2021	2021	147.34	2,000	2,000		
2021	2021	156.81	25,000	25,000		
2021	2021	157.66	3,000	3,000		
2021	2021	157.69	5,000	5,000		
2021	2021	158.87	4,000	4,000		
2021	2021	160.2	37,500	37,500		
2021	2021	163.84	1,000	1,000		
2021	2021	143.54	22,000	22,000		
2021	2021	156.81	44,000	44,000		
2021	2021	–	275,081			275,081
			4,328,970	**3,053,139**	**994,455**	**281,376**

1 The weighted average exercise price is USD 125.40.
2 The SARs from the 2019 plan vested on 14 February 2022 at 60% achievement, the numbers will be reduced by 40% in 2022.

REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

Report of the statutory auditor to the General Meeting of Temenos AG, Geneva

We have audited pages 149 to 152 of the accompanying compensation report of Temenos AG for the year ended 31 December 2021.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report of Temenos AG for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Yazen Jamjum
Audit expert
Auditor in charge

Hamza Benhlal

Geneva, 7 March 2022

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

REPORT OF THE STATUTORY AUDITOR

ON THE CONSOLIDATED FINANCIAL STATEMENTS

Report of the statutory auditor to the General Meeting of Temenos AG, Geneva

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Temenos AG and its subsidiaries (the Group), which comprise the consolidated statement of profit or loss for the year ended 31 December 2021 and the consolidated statement of other comprehensive income, consolidated statement of financial position as at 31 December 2021, consolidated statement of cash flow and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

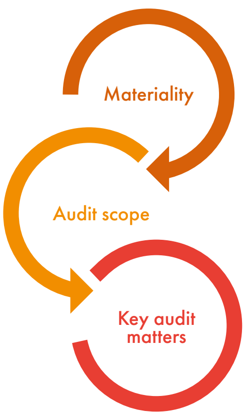
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: USD 10,000,000

The group audit team performed the audit over selected financial statement line items such as revenue, trade receivables, contract assets and contract liabilities, cash balances, and capitalized development costs, in addition to auditing the consolidation which includes pension and share based compensation. We performed a full scope audit over one entity located in Switzerland and audits of selected financial statement line items were performed on eleven additional entities located in eight different countries.

Our audit scope addressed all of the Group's revenue, approximately 99% of the Group's total assets and approximately 96% of the Group's total expenses.

As key audit matters the following areas of focus have been identified:

» Software licensing revenue recognition
» Recoverability of trade receivables and contract assets

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	USD 10,000,000
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above USD 500,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The group audit team performed the audit over selected financial statement line items such as revenue, trade receivables, contract assets and contract liabilities, cash balances, and capitalized development costs, in addition to auditing the consolidation, which includes pension and share based compensation. We also considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Furthermore, we performed a full scope audit over one entity located in Switzerland and audits of selected financial statement line items were performed on eleven additional entities located in eight different countries.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Software licensing revenue recognition

Key audit matter	How our audit addressed the key audit matter
For the year ended 31 December 2021, revenue from software licensing was USD 292.2 million (which includes software developments and customizations). We focused on initial license revenue because of its significance and the risks related to the numerous inherent complexities and critical judgements involved in the measurement, timing and presentation of revenues from multi-element contracts found in the software industry. Transactions with customers often are multiple element arrangements that typically include license, implementation and/or development services and maintenance elements. The identification and the allocation of the transaction price to the different performance obligations require management to use significant estimates in relation to the determination of the fair value of each component. In addition, there are critical judgements in determining whether existing uncertainties and contingencies preclude license revenue from being recognised. There is a risk that license revenue is overstated or recognised prematurely due to either the inappropriate assessment of the risks and uncertainties involved and/or inappropriate allocation between the various components. There is also a risk that judgements or estimates in relation to license revenue are not free from bias or that license revenue booked is manipulated to achieve financial targets. Refer to note 2.17 (accounting policies) and note 4 (critical accounting estimates and judgements) of the consolidated financial statements.	Firstly, we evaluated the compliance of Temenos's accounting policies with IFRS 15 key considerations. For all license deals that we considered to be individually significant and for a sample of the remaining software arrangements, we performed the following: » Inspected the existence of a signed version of the customer contract together with evidence of software delivery. » Reviewed the contracts and assessed potential impact of any unusual clause on revenue recognition. When necessary we also discussed with internal legal counsel their interpretation of certain contractual terms to assess their impact on revenue recognition. » Reviewed and evaluated the fair value allocations between the various performance obligations identified in accordance with Temenos's revenue recognition policy and IFRS 15. We also performed cut-off testing procedures to ensure that revenue is recognised in the correct reporting period by reference to the contract and evidence of delivery. In addition, we looked for evidence to validate the authenticity of a sample of customer contracts. We presented the results of our testing to the Audit Committee and highlighted deals involving significant judgements and estimates together with our view on those judgements and estimates made. Based on the work performed, we concluded that the critical judgements and estimates made by management were reasonable and the accounting for license revenue appropriate.

REPORT OF THE STATUTORY AUDITOR continued

ON THE CONSOLIDATED FINANCIAL STATEMENTS

Recoverability of trade receivables and contract assets

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2021, trade receivables and contract assets amounted to USD 259.2 million and USD 54.6 million, respectively. We focused on this risk as the balances are material and there are many significant judgements involved in assessing recoverability of trade receivables and contract assets in the software industry. This is especially the case as some of these balances could be significant or overdue. There are many factors that need to be considered when concluding that a balance needs to be impaired including default or delinquency in payments, length of the outstanding balances and implementation difficulties that could result in future concessions. In addition, some of the customers might also be undergoing restructuring, a change in strategy or management, or facing liquidity issues that undermine their intent or ability to pay the amounts due. Given the complexity, the size and the length of certain implementation projects, there is risk that an impairment charge or a revenue reversal is not recognised timely and/or accurately. Refer to note 2.5 (accounting policies) and note 14 (trade and other receivables) of the consolidated financial statements.	We reviewed management's analysis for all projects with potential exposure at risk. This analysis includes background information of the customer, existing contractual relationships, balance outstanding, delays in collection, and operational issues together with a detailed legal analysis, where required. In addition, we challenged management's assessment of the recoverability of selected trade receivables and contract assets balances. When deemed necessary, we also discussed certain potential exposures with the internal legal counsel and agreed it to available confirmations from external lawyers. We evaluated management's assessment of whether the resulting impact of the recoverability of the receivable is a result of a credit default and therefore bad debt expense or alternatively a concession, in the form of variable consideration, that reduces revenue under IFRS 15. We confirmed selected significant customer balances to verify their intention to settle the outstanding balances in the future. We also reviewed the aging of trade receivables and obtained external market evidence confirming the lack of significant doubt about the financial stability for selected customers. We presented the results of our procedures to the Audit Committee. The level of the provision made against trade receivables and contract assets was deemed appropriate and corresponds to the risks identified

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Temenos AG and our auditor's reports thereon. The other information in the annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

pwc

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
» Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
» Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
» Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
» Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yazen Jamjum	**Hamza Benhlal**
Audit expert	
Auditor in charge	

Geneva, 22 February 2022

pwc

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER

	2021 USD 000	2020 USD 000
Revenues		
Software licensing	292,195	259,481
SaaS	123,718	83,586
Total software licensing	415,913	343,067
Maintenance	395,072	381,237
Services	156,017	163,054
Total revenues (note 7)	967,002	887,358
Operating expenses		
Cost of sales	(325,478)	(299,245)
Sales and marketing	(163,923)	(135,896)
General and administrative	(89,758)	(70,035)
Other operating expenses	(149,759)	(148,582)
Total operating expenses (note 9)	(728,918)	(653,758)
Operating profit	238,084	233,600
Finance income	4,903	10,977
Finance costs	(31,471)	(40,347)
Finance costs – net (note 11)	(26,568)	(29,370)
Profit before taxation	211,516	204,230
Taxation (note 21)	(38,146)	(29,210)
Profit for the year	173,370	175,020
Attributable to:		
Equity holders of the Company	173,370	175,020
Earnings per share (in USD) (note 12):		
Basic	2.42	2.43
Diluted	2.40	2.39

Notes on pages 169 to 219 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	2021 USD 000	2020 USD 000
Profit for the year	**173,370**	175,020
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Changes in the fair value and loss on sale of equity investments at fair value through other comprehensive income (note 3.4)	–	(2,027)
Remeasurements of post-employment defined benefit obligations (note 23)	(2,084)	(1,442)
	(2,084)	(3,469)
Items that may be subsequently reclassified to profit or loss		
Cash flow hedge reserve (note 26)	6,708	(1,207)
Cost of hedging reserve (note 26)	76	(95)
Gain on net investment hedge (note 26)	779	–
Currency translation differences (note 26)	(1,973)	(35,892)
	5,590	(37,194)
Other comprehensive income/(loss) for the year	3,506	(40,663)
Total comprehensive income for the year	**176,876**	134,357
Attributable to:		
Equity holders of the Company	176,876	134,357

Notes on pages 169 to 219 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

	2021 USD 000	Restated* 2020 USD 000
ASSETS		
Current assets		
Cash and cash equivalents (note 13)	139,322	110,195
Trade and other receivables (note 14)	332,478	326,980
Other financial assets (note 15)	6,756	9,123
Total current assets	478,556	446,298
Non-current assets		
Property, plant and equipment (note 16)	59,415	62,930
Intangible assets (note 17)	1,597,110	1,667,704
Trade and other receivables (note 14)	53,876	10,005
Other financial assets (note 15)	21,999	281
Deferred tax assets (note 21)	23,128	28,473
Total non-current assets	1,755,528	1,769,393
Total assets	**2,234,084**	2,215,691
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables (note 18)	187,870	134,808
Other financial liabilities (note 15)	2,661	10,319
Deferred revenue (note 8)	371,613	324,084
Income tax liabilities	98,274	75,780
Borrowings (note 19)	211,009	21,518
Provisions for other liabilities and charges (note 22)	1,399	4,799
Total current liabilities	872,826	571,308
Non-current liabilities		
Trade and other payables (note 18)	–	775
Other financial liabilities (note 15)	179	11,124
Deferred revenue (note 8)	26,117	32,703
Borrowings (note 19)	748,849	956,338
Provisions for other liabilities and charges (note 22)	1,098	714
Deferred tax liabilities (note 21)	96,405	107,231
Retirement benefit obligations (note 23)	13,822	12,093
Total non-current liabilities	886,470	1,120,978
Total liabilities	**1,759,296**	1,692,286
Shareholders' equity		
Share capital	252,467	249,535
Treasury shares	(464,778)	(264,608)
Share premium and other reserves (note 25)	(218,330)	(259,823)
Other equity (note 26)	(175,387)	(179,851)
Retained earnings	1,080,816	978,152
Total equity	474,788	523,405
Total liabilities and equity	**2,234,084**	2,215,691

* Refer to note 2.26.

Notes on pages 169 to 219 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	2021 USD 000	2020 USD 000
Cash flows from operating activities		
Profit before taxation	211,516	204,230
Adjustments:		
Property plant and equipment depreciation, intangible asset amortization and impairment of intangible and financial assets	151,955	151,911
Loss on retirement/disposal of property, plant and equipment	65	101
Cost of share options (note 27)	44,855	6,325
Foreign exchange loss/(gain) on non-operating activities	2,564	(11,241)
Interest expenses, net (note 11)	20,343	25,192
Net (gain)/loss on derivatives not designated as hedging instruments (note 11)	(3,733)	8,924
Other finance costs (note 11)	5,060	4,929
Other non-cash items (note 22)	2,065	(17,587)
Changes in:		
Trade and other receivables	(59,638)	47,516
Trade and other payables, provisions and retirement benefit obligations	48,611	(72,101)
Deferred revenues	49,300	57,996
Cash generated from operations	472,963	406,195
Income taxes paid	(12,834)	(23,236)
Net cash generated from operating activities	460,129	382,959
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,157)	(6,934)
Disposal of property, plant and equipment	44	67
Purchase of intangible assets	(3,434)	(2,829)
Capitalized development costs (note 17)	(90,527)	(76,315)
Acquisitions of subsidiary, net of cash acquired (note 6)	(1,670)	2,848
Escrow deposit for contingent consideration on acquisition	–	21,000
Disposal of investment in equity securities	–	14,052
(Acquisition)/disposal of long-term loan instruments (note 15)	(19,900)	6,000
Purchase and settlement of financial instruments	(8,129)	(6,627)
Interest received	247	996
Net cash used in investing activities	(131,526)	(47,742)
Cash flows from financing activities		
Dividend paid (note 28)	(71,427)	(63,355)
Acquisition of treasury shares	(200,170)	–
Proceeds from borrowings	342,902	153,407
Repayments of borrowings	(327,000)	(424,243)
Payment of lease liabilities	(16,743)	(19,446)
Interest payments	(19,680)	(23,487)
Payment of other financing costs	(3,847)	(4,162)
Net cash used in financing activities	(295,965)	(381,286)
Effect of exchange rate changes	(3,511)	3,479
Net increase/(decrease) in cash and cash equivalents in the year	29,127	(42,590)
Cash and cash equivalents at the beginning of the year	110,195	152,785
Cash and cash equivalents at the end of the year	139,322	110,195

Notes on pages 169 to 219 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital USD 000	Treasury shares USD 000	Share premium and other reserves (note 25) USD 000	Other equity (note 26) USD 000	Retained earnings USD 000	Total USD 000
Balance at 1 January 2020	241,858	(264,608)	(258,384)	(143,742)	869,956	445,080
Profit for the year	–	–	–	–	175,020	175,020
Other comprehensive income for the year, net of tax	–	–	–	(37,194)	(3,469)	(40,663)
Total comprehensive income	–	–	–	(37,194)	171,551	134,357
Dividend paid (note 28)	–	–	–	–	(63,355)	(63,355)
Hedging loss transferred to deferred revenues (note 26)	–	–	–	1,085	–	1,085
Cost of share options (note 27)	–	–	6,325	–	–	6,325
Exercise of share-based payment transactions (note 25)	7,677	–	(7,677)	–	–	–
Costs associated with equity transactions	–	–	(87)	–	–	(87)
	7,677	–	(1,439)	(36,109)	108,196	78,325
Balance at 31 December 2020	249,535	(264,608)	(259,823)	(179,851)	978,152	523,405
Profit for the year	–	–	–	–	173,370	173,370
Other comprehensive income for the year, net of tax	–	–	–	5,590	(2,084)	3,506
Total comprehensive income	–	–	–	5,590	171,286	176,876
Dividend paid (note 28)	–	–	–	–	(71,427)	(71,427)
Hedging gain transferred to deferred revenues (note 26)	–	–	–	(1,126)	–	(1,126)
Cost of share options (note 27)	–	–	44,855	–	–	44,855
Exercise of share-based payment transactions (note 25)	2,932	–	(2,932)	–	–	–
Tax adjustment on share-based payments	–	–	–	–	2,805	2,805
Acquisition of treasury shares	–	(200,170)	–	–	–	(200,170)
Costs associated with equity transactions	–	–	(430)	–	–	(430)
	2,932	(200,170)	41,493	4,464	102,664	(48,617)
Balance at 31 December 2021	**252,467**	**(464,778)**	**(218,330)**	**(175,387)**	**1,080,816**	**474,788**

Notes on pages 169 to 219 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

1. General information

Temenos AG formerly named as 'Temenos Group AG' ('the Company') was incorporated in Glarus, Switzerland on 7 June 2001 as a stock corporation (Aktiengesellschaft). Since 26 June 2001, the shares of Temenos AG have been publicly traded on the SIX Swiss Exchange. The registered office is located at 2 Rue de L'Ecole-de-Chimie, 1205 Geneva, Switzerland.

The Company and its subsidiaries (the 'Temenos Group' or the 'Group') are engaged in the development, marketing and sale of integrated banking software systems. The Group is also involved in supporting the implementation of the systems at various customer locations around the world, as well as in offering help desk support services to existing users of Temenos software systems. The customer base consists of mostly banking and other financial services institutions.

These consolidated financial statements have been approved for issue by the Board of Directors on 10 February 2022.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The consolidated financial statements have been prepared under the historical cost convention, except where IFRS explicitly requires use of other measurement principles.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Standards, amendments and interpretations relevant to the Group's operation and adopted by the Group as at 1 January 2021

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) is effective for accounting periods beginning on or after 1 January 2021. The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

Standards, amendments and interpretations relevant to the Group's operation that are not yet effective

The following amendments have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2022. Unless otherwise indicated, these publications are not expected to have any significant impact on the Group's financial statements:

IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (amendments), effective for annual reporting periods beginning on or after 1 January 2022. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IAS 12 'Income Taxes' (amendments), effective for accounting periods ending on or after 1 January 2023. The amendments require the recognition of deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences and will typically apply to transactions such as leases of lessees.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Temenos AG ('the Company') as well as its subsidiaries.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Goodwill is measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in profit or loss in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2. Accounting policies continued

2.2 Basis of consolidation continued

Changes in ownership interests in subsidiaries without loss of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 Foreign currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in US dollars, which is the Group's presentation currency and the currency in which the majority of the Group's transactions are denominated. The Company's functional currency is Swiss francs.

Transactions in foreign currencies are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions. When the Group pays or receives consideration in advance, the date of transaction is the date when the consideration is realized.

Foreign exchange differences arising from the settlement or from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

The financial statements of the Group's subsidiaries (none of which has the currency of a hyperinflationary economy) with a different functional currency than the presentation currency are translated as follows:

» Assets and liabilities are translated at the closing rate at the date of the reporting period;
» Income and expenses for each statement presenting profit or loss and other comprehensive income are translated on a monthly basis at the average exchange rates of the month (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
» Equity items are translated at the historical rates; and
» All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in profit or loss as part of the gain or loss on sale.

Gains or losses resulting from long-term intragroup balances for which settlement is neither planned nor likely to occur in the foreseeable future are treated as a net investment in foreign operations (i.e. quasi-equity loans). The gains or losses recognized in the separate financial statements of the subsidiary are reclassified as cumulative translation adjustment to other comprehensive income in the Group's consolidated financial statements.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquired entity. They are recognized in the functional currency of the acquired entity and translated to the presentation currency using the closing rate.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank current accounts, time deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to negligible risks of change in value.

As the Group's objective and business model are to hold this asset to collect the contractual cash flows, cash and cash equivalents are carried at amortized cost.

The Group follows the general approach model when applying the impairment requirements under IFRS 9.

Cash that does not meet the definition of 'cash and cash equivalents' as per IAS 7 'Statement of Cash Flows' due to certain restrictions is reclassified to other receivables and subject to impairment review in accordance with IFRS 9.

2.5 Trade and other receivables

Trade receivables and contract assets

Trade receivables are recognized initially at the transaction price or at fair value if they contain significant financing components. They are subsequently measured at amortized cost using the effective interest method as the Group's objective and business model are to hold this asset to collect the contractual cash flows.

Contract assets represent consideration which is conditional upon factors other than passage of time.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses the lifetime expected credit loss allowance for all trade receivables including trade receivables with significant financing components and contract assets. The Group exercises judgment in determining the expected credit loss allowance. In this judgment, the Group identifies the default rate by analyzing historical experience with credit losses, considering it to represent a reasonable approximation for future expected defaults, and applies to current receivables. The Group also takes into consideration forward-looking factors, including changes in the overall economic environment or changes in regulation, and if material, reflects these in the expected credit loss allowance.

A credit impairment is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization.

The carrying amount of the asset is either reduced through the use of an allowance account or directly written off when there is no expectation of future recovery. The expense from the expected credit loss allowance as well as from credit-impaired debtors is recognized in the profit or loss within 'Sales and marketing'. Subsequent recoveries are credited in the same account previously used to recognize the impairment charge.

Non-current trade receivables represent balances expected to be recovered after 12 months.

Other receivables

Other receivables include other receivables (financial assets) and other assets (non-financial assets).

Other receivables (financial assets) represent receivables raised from transactions outside the ordinary activities of the Group.

As the Group's objective and business model are to hold this type of asset to collect the contractual cash flows, they are initially measured at fair value and subsequently measured at amortized cost. Interest income, foreign exchange gain or loss and impairment are recognized in the profit or loss within 'Finance costs – net'.

When the impact of applying the effective interest method is not significant, the gross carrying amount equals the contractual amount or the fair value at initial recognition.

Balances to be collected after 12 months after the reporting period are presented as non-current.

The Group applies the same impairment policy that is used to measure the expected credit loss for its trade receivables.

Other assets (non-financial assets) primarily represent prepayments and contract costs according to IFRS 15. Contract costs expected to be recognized in profit or loss after more than 12 months are reported as non-current assets. All other amounts are reported as current assets.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation on assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows (in years):

Buildings	50
Furniture and fixtures	10
Office equipment	5
IT equipment	4
Vehicles	4

Leasehold improvements are depreciated over the shorter of the remaining lease term and useful life (ten years).

The assets' residual values and useful lives are reviewed and adjusted if necessary at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Repairs and maintenance costs are charged to profit or loss as incurred.

Gains or losses on disposals are determined by comparing the consideration received or receivable with the carrying amount and are recognized within 'General and administrative' in the profit or loss unless otherwise specified.

2. Accounting policies continued

2.7 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount is allocated to the cash-generating unit ('CGU') that is expected to benefit from the synergies of the business combination. The CGU to which the goodwill is allocated to represents the lowest level at which the goodwill is monitored for internal management purposes. The carrying value of the CGU is then compared to the higher of its fair value less costs of disposal and its value in use. Any impairment attributed to goodwill is recognized immediately as an expense and is not subsequently reversed.

Computer software

Software licenses separately acquired are capitalized when the Group can demonstrate that:

» It controls the asset;
» It is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and
» The cost of the asset can be reliably measured.

The cost of the asset comprises its purchase price (including non-refundable purchase taxes) and any directly attributable costs of preparing the asset for its intended use. The cost of the asset is amortized using the straight-line method over its estimated useful life.

Computer software separately acquired is depreciated over the shorter of the license term and four years.

Software technologies acquired through business combinations are initially measured at fair value and then amortized using the straight-line method over their estimated useful lives. Currently reported technologies acquired through business combination have useful lives between five and eight years.

Customer-related intangible asset

Customer-related intangible assets are assets acquired through business combinations. They are initially measured at fair value and then amortized using the straight-line method over their estimated useful lives. The assessment of useful life is set out at the time of acquisition, specific for each acquisition. Currently reported customer-related intangible assets have useful lives between five and 16 years.

Internally generated software development

The Group follows a strategy of investing a substantial part of its revenue in research and development work which is directed towards the enhancement of its product platforms.

The costs associated with the development of new or substantially improved products or modules are capitalized when the following criteria are met:

» Technical feasibility to complete the development;
» Management intent and ability to complete the product and use or sell it;
» The likelihood of success is probable;
» Availability of technical and financial resources to complete the development phase;
» Costs can be reliably measured; and
» Probable future economic benefits can be demonstrated.

Directly attributable development costs that are capitalized include employee costs and an appropriate portion of relevant overheads. Directly attributable development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Development expenditures that are not directly attributable are recognized as an expense when incurred.

Internally generated software development costs are amortized using the straight-line method after the product is available for distribution. Development costs related to architecture developments are amortized over a five-year period and development costs related to functional developments are amortized over a three-year period.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Taxation

The tax expense for the period comprises current and deferred tax. Current income tax and deferred income tax is recognized under IAS 12 'Income Tax' and IFRIC 23 'Uncertainty over income tax treatments'.

Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group incurs withholding tax in various jurisdictions. An assessment is made to assess the ability to recover these withholding taxes against the normal tax liabilities occurring within the Group, and a provision is made to the extent that withholding tax is not recoverable.

2.10 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

When the effect of the time value is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense within 'Finance costs'.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to those affected by it.

A provision for an onerous contract is recognized when the expected benefits to be derived from the contract are lower than the unavoidable costs of meeting the obligations under the contract.

2.11 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred, and they are subsequently measured at amortized cost. Effective interest costs are recognized within 'Finance costs' in the profit or loss over the period of the relevant instrument.

Fees directly attributable to the establishment of a financing facility are recognized as a prepayment for liquidity services and they are subsequently amortized within 'Finance costs' over the life of the instrument.

Interests accrued on the drawn portion of banking facilities are reported as other payables within trade and other payables.

Roll-over loans under the same agreement are reported net in the statement of cash flows.

Borrowings are classified as non-current liabilities unless the Group does not have the right at the end of the period to defer the settlement for at least 12 months after the reporting period.

2. Accounting policies continued

2.12 Leases

Identification of a lease

The Group assesses whether a contract is or contains a lease based on the definition of a lease under IFRS 16. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets these evaluations:

» The contract contains an identified asset that is either explicitly specified or implicitly specified at the time that the asset is made available for use by the Group;
» The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use;
» The Group has the right to direct the use of the identified asset throughout the period of use or the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions.

The Group has elected to separate the non-lease components and they are accounted as an expense in the profit or loss.

If the Group acts as an intermediate lessor, it classifies the sub-lease either as operating or a finance lease based on the lease term and the right-of-use-asset being sub-leased. If the sub-lease is classified as a finance lease the future discounted cash flow is recognized as a receivable with a corresponding decrease in the right-of-use asset.

Recognition and measurement of a lease

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group uses the incremental borrowing rate which consists of the risk-free rate of currency of the lease plus the premium arising from the Group's credit risk. Lease payments included in the measurement comprise of fixed payments, variable lease payments that depend on an index or a rate and amounts to be paid under a residual value guarantee (if any).

The right-of-use asset is initially measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to restore the asset to the condition required at the end of the lease and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis over the lease term.

The lease term determined at the commencement of lease represents the non-cancelable period of a lease and includes the period covered by an option to extend or option to terminate, where exercising such option is reasonably certain.

Leases of low value and short term

Short-term leases are leases with a lease term of 12 months or less. The Group defines assets with an estimated market value of USD 5 thousand when new as low-value assets. The payments in relation to these leases are recognized as an expense in profit or loss on a straight-line basis over the lease term and treated as an outflow from operating activities in the statement of cash flows.

Remeasurement of a lease

The lease liability and right-of-use assets initially recognized are remeasured on occurrence of the below events:

» Change in lease term (renewal or termination options taken into consideration) – remeasured using discount rate at the time of remeasurement;
» Change in index rate affecting future lease payments – discount rate is unchanged (initial recognition).

In May 2020, the IASB issued Covid-19-Related Rent Concessions (amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The Group exercised the option of early adoption and applied the amendment for financial reporting for periods commencing from 1 January 2020. The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions of the amendment. The Group has continued to apply the practical expedient during the year ended 31 December 2021 following the IASB amendment to extend the effective period to 30 June 2022.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are reported as a reduction of the share premium (note 25).

Where any subsidiary of the Group purchases the Company's shares (treasury shares), the consideration paid (including any directly attributable incremental costs) is presented as a deduction from equity. Where such shares are subsequently sold or reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is recognized as an increase in equity and the resulting gains or losses are presented within share premium (note 25).

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The related interest expense is recognized in profit or loss within 'Finance costs'.

2.15 Employee share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of employee services received in exchange for the grant of the instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the instrument granted:

» Including any market performance conditions;
» Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of instruments that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the instruments are exercised, the Group issues new shares or re-issues treasury shares. The consideration received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium and capital reserves.

2.16 Employee benefits

Pension obligations

The Group operates various pension schemes including both defined benefit and defined contribution plans.

Defined contribution plan is a scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay the benefits relating to the employee's service in the current and prior periods. The relevant contributions are recognized as personnel costs when they are due. On realization of the liability, the Group has no further payment obligations. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan is a pension scheme that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability/asset recognized in respect of such plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of any plan assets. The defined benefit obligations are calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. For currencies where there is no deep market in such high-quality corporate bonds, the market yields on government bonds that are consistent with the currency and the estimated terms of the post-employment benefit obligations shall be used.

When a surplus in a plan exists, the Group measures the net benefit asset at the lower of the surplus and the present value of the future economic benefits available to the Group in the form of a reduction in future contributions or a cash refund.

Actuarial gains and losses arising from experience and demographic adjustments as well as changes in financial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in profit or loss.

Other post-employment obligations

Some subsidiaries provide other post-retirement benefits to their retirees (e.g. gratuities). The entitlement of these benefits is usually conditional on the employee completing a specific length of service. The expected costs of these benefits are accrued over the period of employment using actuarial assumptions. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. Accounting policies continued

2.17 Revenue recognition

The Group derives revenue from the following four main sources:

Software license

Software license revenue represents all fees earned from granting customers a right-to-use license of the Group's software, either through an initial license or through the purchase of additional modules or user rights. For software license arrangements that do not require significant modification or customization of the underlying software, revenue is recognized at a point in time when the software is made available to the customer and the performance obligation is satisfied.

Software license revenue includes software sold either on a term basis, perpetual basis or a subscription payment basis. Software developments are included within this revenue line and are recognized when they meet the same criteria as the licensed software.

SaaS

Software-as-a-Service ('SaaS') revenue is earned through the use of the Group's software to provide a service to the customer, whereby the customer does not have the ability to take possession of the software under a license arrangement without significant penalty. This includes the support and development of the software as well as the hosting infrastructure. This revenue stream also includes hosting services for the Group's license customers, who choose to have Temenos host their copy of the software. SaaS and hosting revenues are recognized over time starting from the point the service is made available to the customer to access the service.

The Group has a number of contracts for which the customer has purchased both a right-to-use software license and hosting services. In instances where the customer has the contractual right to take possession of the software at any time during the contract term without significant penalty and could utilize another vendor to host the software during the contract term, the Group considers that the software license and hosting services are separable performance obligations and allocates revenue accordingly. Where this is not the case, the contract is determined to be a SaaS arrangement in its entirety.

Customers are typically invoiced annually in advance for SaaS contracts.

Maintenance

Software maintenance is included in most software license arrangements and is priced as a percentage of the initial software license fees. The standard maintenance offering is a stand ready obligation to provide technical support and unspecified updates, upgrades and enhancements on a when and if available basis. The customer simultaneously receives and consumes the benefits of these support services as performed, hence revenue is recognized rateably on a straight-line basis over the term of the arrangement as the performance obligation is satisfied.

Services

Services revenue represents income from consulting, training and implementation services sold to customers under services contracts. Fixed-price arrangements are accounted for over time on a percentage-of-completion basis as determined by the percentage of project costs incurred to date compared to the estimated total project costs. For time and material-based contracts, revenue is recognized as services are rendered.

Professional Services projects are typically invoiced based on set project milestones with an initial portion invoiced upon contract signature.

IFRS 15 requires estimates and judgments to be made and consistently applied by the Group in accounting for the revenue from contracts with customers. The areas that require estimates and judgments by the Group are detailed below:

Identification of contract

The Group often enters into multiple contracts with a customer and will assess these for the need to combine if the contracts are negotiated in and around the same time, are for the same economic purpose or are dependent upon one another.

Initial/master agreements often have additional purchases, addendum or terms modified throughout their term. At each point a contract is modified, the Group assesses the contract under the standard to determine if modifications are treated as a contract modification or a separate contract.

The Group makes an assessment initially to determine if the customer has the ability and intent to pay the consideration in the contract. In instances where the Group determines that the customer does not meet either of these criteria, it is deemed that a contract does not exist and no revenue is recognized until such a time as the customer has both the ability and intent to pay, or the Group has received non-refundable payment.

Identifying performance obligations

The Group commonly sells clearly defined separate performance obligations as identified by the disclosed revenue streams. The significant judgment arises when developments and customizations are included, and an assessment must be made to determine whether these significantly alter the functionality of the software initially licensed. If it is concluded that the developments or customizations significantly modify the licensed software, the performance obligations will be bundled as one performance obligation and recognized when the combined performance obligation is functional, complete and delivered.

The Group often grants options to purchase additional products or services in its contracts with customers. These can be additional usage rights, renewals, additional products or modules, or premium maintenance. The Group assess each option to see if it provides that customer a material right. If a material right has been granted this is a separate performance obligation and revenue will be allocated to the performance obligation accordingly.

Determining the transaction price

Judgment is required in assessing the total consideration that will be paid in exchange for the satisfied performance obligations. This includes not only assessing the variable amounts which may be included in the consideration but also assessing if any concessions, discounts or other variable factors may reduce the fixed fees in the contract. Temenos uses internal historical experiences as well as external factors in making the necessary estimates.

Allocating the transaction price to the performance obligation

The Group allocates consideration to each performance obligation in a contract on a relative standalone selling price ('SSP') basis, maximizing the use of observable inputs to do so.

The exercise of determining the appropriate method with which to estimate the SSP for each performance obligation requires judgment. The Group utilizes available data points such as renewal rates, relevant historical transactions, available market data and cost inputs to establish the SSP for each revenue stream. The pricing of software licenses is highly variable and therefore the residual approach is used to allocate the transaction price to the software license performance obligation.

Where identified within a contract, the SSP of material rights is determined by factoring in the likelihood of the customer exercising the option by utilizing relevant historical data and considering the nature of the material right.

Incremental costs of obtaining customer contracts

Incremental costs to obtain a contract are made up of sales commissions earned by the Group's sales teams which can be directly linked to an individual sale, primarily relating to maintenance and SaaS contracts. The asset is included within 'Trade and other receivables' in the statement of financial position.

The asset is amortized over the life of the contract committed for by the customer on a straight-line basis. The asset is also periodically reviewed for impairment.

Cost to fulfill a contract

The cost to fulfill a contract with a customer that are associated with customization developments are deferred on the balance sheet as work in progress until the development performance obligation is met, at which point the cost is recognized in line with the revenue.

Contract balances – assets and receivables

The Group classifies the right to consideration in exchange for products or services transferred to a customer as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional on factors other than passage of time whereas a contract asset is a right to consideration that is conditional upon other factors.

Contract assets represent revenue where the right to consideration is subject to future performance being satisfied such as the completion of milestones on services contracts or satisfaction of maintenance for future periods.

Deferred revenue

Deferred revenue (referred as 'contract liabilities' as per IFRS 15 terminology) represents prepayment from customers for wholly unsatisfied or partially satisfied performance obligations mainly in relation to annual in advanced billing on maintenance and SaaS contracts.

2.18 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are determined by dividing the profit or loss attributable to equity holders of the Company, adjusted for the effect that would result from the conversion of dilutive ordinary shares, by the weighted average number of ordinary shares plus the weighted average of number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Chief Executive Officer ('CEO').

2.20 Other financial assets

Other financial assets include derivatives held with positive value and convertible notes.

Other financial assets are initially recorded at fair value. Any transaction costs are expensed in the profit or loss.

Regular way purchases and sales of financial assets are recognized on the trade-date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Derivative assets held for trading

A derivative is held for trading if it is:

» Acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
» Not designated an effective hedging instrument.

While the objective of holding these assets was to provide effective economic hedges under the Group's risk management strategy, these derivatives are not designated as hedging instruments according to IFRS 9 since all relevant conditions are not met. Therefore, subsequent changes in the fair value are immediately recognized within 'Finance costs – net'. Related cash flows are reported as cash flows from investing activities.

Derivatives held for trading are reported as current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

2. Accounting policies continued

2.20 Other financial assets *continued*

Derivative assets used for hedging

Derivatives used for hedging are subsequently measured at fair value with changes accounted for according to the provisions for hedge accounting under IFRS 9. They are reported as non-current assets when they are expected to be settled more than 12 months after the reporting period.

Convertible notes

Convertible notes are subsequently measured at fair value through profit or loss. They are reported as non-current assets when the final redemption date is more than 12 months after the reporting period and the Group intends to hold the asset until maturity.

2.21 Other financial liabilities

Other financial liabilities include derivatives held with negative value.

At initial recognition, other financial liabilities are measured at fair value. Any transaction costs are expensed in profit or loss.

Derivative liabilities held for trading

A derivative is held for trading if it is:

» Acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
» Not designated an effective hedging instrument.

While the objective of holding these liabilities was to provide effective economic hedges under the Group's risk management strategy, these derivatives are not designated as hedging instruments according to IFRS 9 since all relevant conditions are not met. Therefore, subsequent changes in the fair value are immediately recognized within 'Finance costs – net'. Related cash flows are reported as cash flows from investing activities.

Derivatives held for trading are reported as current liabilities.

Derivative liabilities used for hedging

Derivatives used for hedging are subsequently measured at fair value with changes accounted according to the provisions for hedge accounting under IFRS 9. They are reported as non-current liabilities when they are expected to be settled more than 12 months after the reporting period.

2.22 Hedging activities

At inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, the risk management objective and strategy as well as the methodology to assess the hedge effectiveness requirements.

The Group does not currently apply fair value hedge designations.

Cash flow hedge and hedge of a net investment

The effective portion of change in fair value of the hedging instrument is recognized in other comprehensive income. The ineffective portion is immediately recognized in profit or loss.

Accumulated amounts deferred in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss to the extent that it does not result in the recognition of a non-financial asset or a non-financial liability (e.g. fixed assets, deferred revenue) in which case the gains and losses are removed to the initial cost of the asset or the carrying amount of the liability.

When the Group separates the time value of an option, the forward element of a forward contract or the currency basis spread of a swap instrument from the designation of the hedging instrument, the movements in fair value of these elements are recognized in other comprehensive income as 'cost of hedging' to the extent they relate to the hedge item. They are subsequently recognized in profit or loss or included in the initial cost or carrying amount of a non-financial asset or liability either over the period of the hedging relationship for a 'time-period related' hedge or when the hedge item occurs for a 'transaction-related' hedge. The fair value change of any unaligned portion of the time value of an option is recognized in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, or is sold or terminated, or when the risk management objective is no longer met. The amount accumulated in other comprehensive income remains in equity until the hedge item occurs. If there is no longer expectation that the forecast transaction will realize, the amount is immediately reclassified to profit or loss.

Hedge effectiveness is tested every quarter or upon a significant change in the assumptions. The existence of an economic relationship between the hedge item and the hedging instrument is assessed using either the 'critical term match' method or the 'dollar offset' method when the terms of the hedging instrument do not closely match the terms of the hedged item. Possible sources of ineffectiveness may arise from: an increase in credit risk for the derivative counterparty or a significant change in the timing of the cash flow realization.

2.23 Fair value measurement

The Group measures certain financial instruments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

» In the principal market for the asset or liability; or
» In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible to or by the Group.

The fair value of an asset or a liability is measured using similar inputs that the market participants would use when pricing the asset or liability and assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Group's consolidated financial statements are categorized within the fair value hierarchy, as follows:

» Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
» Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
» Level 3 inputs: Inputs for the asset or liability that are not based on observable market data.

The Group's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of the reporting period when the event or change in circumstances occurred.

For items categorized within Level 3, the Group's finance team reviews the estimates and assumptions on a regular basis but, in all cases, at each interim period. Any changes that may have a significant effect on the reported fair value are reported to management.

The Group has elected to use the exception provided by paragraph 48 of IFRS 13 ' Fair Value Measurement' to measure the credit risk element attributable to the Group's own credit risk (net short position) or the counterparty's credit risk (net long position) on a net basis for the financial assets and financial liabilities governed by a master netting agreement.

2.24 Offsetting financial instruments

Financial assets and financial liabilities are offset in the statement of financial position when, and only when, the Group:

» Currently has a legally enforceable right to set-off the financial assets and financial liabilities; and
» Intends either to settle on a net basis, or to realize the financial assets and settle the financial liabilities simultaneously.

A enforceable right to offset financial assets and financial liabilities must not be contingent on future events and must be currently legally enforceable in the normal course of business, in the event of default and in the event of insolvency or bankruptcy.

2.25 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.26 Comparative information

A prior year deferred revenue balance of USD 32.7 million has been reclassified from current liabilities to non-current liabilities, as it represents prepayment from clients for performance obligation to be satisfied over the 12 months after the balance sheet date. The Group has decided not to present a third statement of financial position at 1 January 2020 as the impact on the statement of financial position was not material. The reclassification impact on the opening balance of the earlier period presented, being 1 January 2020, was USD 10.3 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

3. Financial instruments

3.1 Accounting classifications

The Group holds the following financial instruments to which the accounting policies under IFRS 7 'Financial Instruments: Disclosures' applies:

	2021 USD 000	2020 USD 000
Financial assets		
Financial assets measured at fair value through profit or loss ('FVTPL')	**22,906**	5,754
Derivative instruments used for hedging	**5,849**	3,650
Financial assets measured at amortized cost	**478,770**	402,595
Total	**507,525**	411,999
Financial liabilities		
Financial liabilities measured at fair value through profit or loss ('FVTPL')	**600**	7,652
Derivative instruments used for hedging	**2,240**	13,734
Contingent consideration	**2,400**	775
Financial liabilities measured at amortized cost	**1,136,385**	1,101,737
Total	**1,141,625**	1,123,898

3.2 Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management policies and guidelines focus on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial statements.

Market risk

Market risk management is carried out by a central treasury team under policies and procedures approved by management. These policies are primarily set out to identify, evaluate and hedge when deemed necessary, the related financial risks. The Group's policies and implementation procedures are regularly updated to reflect changes in market conditions, the Group's activities and emergence of new risks. They are also regularly overseen by the Group's internal audit team for compliance as well as detection of control deficiencies.

(i) Foreign exchange risk

By operating internationally, the Group is exposed to risks associated with fluctuations in foreign currencies. Foreign exchange risk arises from:

» Forecast transactions denominated in foreign currency;
» Monetary assets and liabilities denominated in foreign currency.

The Group's strategy is to make efforts in order to mitigate the effect of the variability in cash flows that is attributable to the movement in foreign currencies. This is implemented by 1) aligning the revenue streams to currencies that match the cost base and 2) offsetting the change in value of the material residual exposure by the use of derivative instruments.

The Group hedges exposures from currencies for which the combination of volatility effect and exposure size could have a material effect on the financial statements. Inter-currencies correlation is also assessed when determining the exposure at risk.

Forecast transactions

The Group seeks to lock its 12-18 month projection of future transactions in foreign currencies within coverage parameters with a higher hedging ratio for front-loaded quarters. The strategy is executed in layers and derivatives used are currency forward contracts as well as currency options.

The Group applies hedge accounting when applicable and, except for maintenance and SaaS revenues for which the effective portion of the hedge becomes part of the carrying amount reported in the 'Deferred revenue' line, forecast transactions are expected to be recognized in profit or loss during the same period as the hedging instrument.

Monetary assets and liabilities

Foreign currency risks arising from monetary positions (e.g. trade receivables, trade payables, intercompany balances) are hedged using rolling currency forward contracts or cross currency swaps for a duration exceeding one year. Except for relationships involving a cross currency swap, hedge accounting is not applied as the fair value change of both the instrument and the underlying item is recognized in the same period and within the same line in the profit or loss statement. For hedging relationship involving a cross-currency swap, the Group applies cash flow hedging when the underlying risk could affect profit or loss or net investment hedge when it affects the other comprehensive income.

The table below illustrates the Group's most sensitive currency exposures:

	Net exposure	
	2021 FCY* 000	2020 FCY* 000
Euro	(13,735)	5,681
UK pounds	(12,347)	1,924
Swiss francs	(12,371)	9,805
India rupee	(39,617)	230,699

* Foreign currency.

A negative value represents a liability exposure.

These exposures represent monetary assets and liabilities, including derivatives held for trading, that are either:

» Denominated in one of the currencies above and measured in an entity with a different functional currency; or
» Denominated in any foreign currency and measured in an entity whose functional currency is one of the above.

and that are not part of an IFRS 9 existing hedging relationship.

Sensitivity analysis

The following table represents the effect of a reasonable shift in the currencies above against the US dollar.

	2021			
	Euro USD 000	UK pounds USD 000	Swiss francs USD 000	India rupee USD 000
Sensitivity assumption	+10%	+10%	+10%	+10%
Profit or (loss)	(1,558)	(1,668)	(1,355)	(53)
Other components of equity*	(4,373)	2,730	2,464	4,365
Equity	**(5,931)**	**1,062**	**1,109**	**4,312**
Sensitivity assumption	-10%	-10%	-10%	-10%
Profit or (loss)	1,558	1,668	1,355	53
Other components of equity*	4,373	(2,730)	(2,464)	(4,365)
Equity	**5,931**	**(1,062)**	**(1,109)**	**(4,312)**

* Arises from the net effect of hedging relationships designated as cash flow hedge and net investment hedge.

	2020			
	Euro USD 000	UK pounds USD 000	Swiss francs USD 000	India rupee USD 000
Sensitivity assumption	+10%	+10%	+10%	+10%
Profit or (loss)	702	251	1,124	321
Other components of equity*	(7,402)	1,416	2,082	4,679
Equity	(6,700)	1,667	3,206	5,000
Sensitivity assumption	-10%	-10%	-10%	-10%
Profit or (loss)	(702)	(251)	(1,124)	(321)
Other components of equity*	7,402	(1,416)	(2,082)	(4,679)
Equity	6,700	(1,667)	(3,206)	(5,000)

* Arises from the net effect of hedging relationships designated as cash flow hedge.

Given the volatility of these currencies, the current economic environment and the foreign exchange market conditions, the sensitivity assumption represents management's assessment of reasonably possible changes in spot rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

3. Financial instruments continued

3.2 Financial risk factors continued

Market risk continued

(ii) Cash flow and fair value interest risk

Except for the convertible note asset (note 15), the Group is not exposed to fair value risk as it has no other interest-bearing non-derivative financial instruments measured at fair value.

The Group is exposed to cash flow interest rate risks arising from cash and cash equivalents and its reported borrowings at variable rates.

The Group's policy is to set the limit for fixed-floating mix of its total reported borrowings in order to protect its profit or loss from the variability in cash flows. The Group would use interest derivatives to achieve this objective. At the reporting dates, the portion of borrowings at variable rates was negligible.

The Group may hedge the cash flow risk on coupon payments from future issuance of interest-bearing liabilities arising from the variability in the forward interest curve. Such strategy is conducted under specific guidelines prescribed by the Group's policy depicting the size limitation, the hedge horizon as well as the quantitative and qualitative factors to demonstrate the 'highly probable' criteria so that hedge accounting can be applied.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables.

The carrying amount of the financial assets, as reported in note 3.1 above, represents the maximum credit exposure.

Trade receivables and contract assets

The Group determines the creditworthiness of any prospective or existing customer at the initial phase of each bid process. Assessment of credit risk is mainly based on assessing the creditworthiness of customers through external ratings and, in the case of existing customers, our past experience.

If a company is unrated, then historical payment experience, if available, together with country stability, is taken into consideration to assess the credit risk.

Every credit check performed on prospective or existing customers at the initial phase of the negotiation goes through an approval process. The credit rating is taken into account during the revenue recognition process once contracts are signed.

Payment terms and requirement of financial security are adapted according to the degree of the credit quality and the past experience. At present, the Group does not hold any collateral security.

The Group assesses the credit risk for customers with significant balances on a regular basis.

In cases when delinquency in payments occurs, the Group may withhold services delivery under current implementation or limit the right to use its software.

As at 31 December 2021 and 2020, there is no geographical concentration of credit risk as the Group's customer base is internationally dispersed. At 31 December 2021, there is no concentration of credit risk at individual customer level, with the exception of one customer that represents more than 10% of the trade receivables and contract assets with respect of a balance not due yet.

The Group performs impairment analysis using a default rate to measure expected credit loss for all trade receivables including those with significant financing components and contract assets. The Group identifies the default rate by analyzing the historical and current experience with credit losses, considering it to represent a reasonable approximation for future expected defaults and applicable to its current receivables. The Group also takes into consideration forward-looking factors, including changes in the economic environment or changes in regulation, and if material reflects these in the expected credit loss allowance.

A credit impairment is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Evidence of impairment includes severe financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization.

At 31 December 2021, the credit risk exposure on the Group's trade receivables and contract assets is as follows:

	2021 USD 000	2020 USD 000
Expected credit loss rate	1.03%	1.04%
Gross carrying amount for trade receivables and contract assets	313,750	276,645
Provision for credit losses	3,231	2,875

The Group's exposure to credit risk from balances due from its customers is limited. Therefore, the Group has applied the expected credit loss rate calculated above to the overall receivable and contract asset balances without using a grouping criteria and hence a provision matrix is not presented for disclosure purposes.

Refer to note 14 for the movement in the loss allowance in respect of trade receivables and contract assets.

Cash and cash equivalents and financial instruments
To the extent possible, the Group mitigates counterparty risk by:

- Holding balances with reputable and 'investment grade' institutions based in high-rated countries; and
- Carrying out a policy for diversification and limitation of cash concentration by counterparty.

Derivatives are entered into with 'investment grade' counterparties and are governed by enforceable 'ISDA' agreements or equivalent.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk is managed by holding cash balances, banking facilities and regularly monitoring cash flows.

The Group's policy aims to guarantee a level of liquidity that meets the Group's present and near-term financial cash outcome under both normal and stressed conditions. This is monitored on the basis of actual liabilities in the accounting ledger as well as rolling forecasts for future transactions. Excess of cash is primarily used to repay any drawn borrowing facilities (note 19).

The following table details the remaining contractual maturity of the Group's non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months USD 000	**Between 6 and 12 months USD 000**	**Between 1 and 2 years USD 000**	**Between 2 and 5 years USD 000**	**More than 5 years USD 000**
At 31 December 2021					
Trade and other payables	158,708	16,623	–	–	–
Property provision	–	98	12	1,086	–
Borrowings					
Lease liabilities	8,423	7,489	18,824	9,688	536
Other borrowings	322,060	7,278	201,896	415,507	–
Total non-derivative financial liabilities	**489,191**	**31,488**	**220,732**	**426,281**	**536**

	Less than 6 months USD 000	Between 6 and 12 months USD 000	Between 1 and 2 years USD 000	Between 2 and 5 years USD 000	More than 5 years USD 000
At 31 December 2020					
Trade and other payables	107,722	15,305	–	–	–
Property provision	–	140	714	–	–
Borrowings					
Lease liabilities	10,150	9,044	23,422	9,575	2,588
Other borrowings	6,977	7,502	212,783	638,589	–
Total non-derivative financial liabilities	124,849	31,991	236,919	648,164	2,588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

3. Financial instruments continued

3.2 Financial risk factors continued

Liquidity risk continued

The following table details the Group's liquidity analysis for its derivative financial liabilities. These amounts represent the contractual undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed or in foreign currency, the amount disclosed has been determined or converted by reference to quoted prices in active markets for identical instruments.

	Less than 3 months USD 000	Between 3 and 6 months USD 000	Between 6 and 12 months USD 000	Between 1 and 2 years USD 000	Between 2 and 5 years USD 000	More than 5 years USD 000
At 31 December 2021						
Outflow cross currency swaps	–	169,991	986	986	34,177	–
Inflow cross currency swaps	–	(167,589)	(493)	(493)	(33,847)	–
Outflow foreign exchange derivatives	99,800	5,649	12,249	3,276	–	–
Inflow foreign exchange derivatives	(99,109)	(5,522)	(11,996)	(3,240)	–	–
Net settled foreign exchange derivatives	–	–	–	–	–	–
Total derivatives	**691**	**2,529**	**746**	**529**	**330**	**–**

	Less than 3 months USD 000	Between 3 and 6 months USD 000	Between 6 and 12 months USD 000	Between 1 and 2 years USD 000	Between 2 and 5 years USD 000	More than 5 years USD 000
At 31 December 2020						
Cross currency swaps	–	2,241	–	10,449	–	–
Outflow foreign exchange derivatives	296,976	11,678	20,698	24,864	–	–
Inflow foreign exchange derivatives	(288,986)	(11,051)	(19,352)	(24,711)	–	–
Net settled foreign exchange derivatives	9	–	–	–	–	–
Total derivatives	7,999	2,868	1,346	10,602	–	–

3.3 Capital risk management

The Group's principal objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group is also subject to financial covenants under its facility agreement. These covenants require the Group to remain within certain thresholds used for calculating financial ratios that are primarily based on financial indebtedness, EBITDA and interest expenses.

The capital structure of the Group consists of the net debt (note 13) and the capital and reserves attributable to equity holders of the parent.

The capital risk management policy remains unchanged from the previous period.

3.4 Fair value measurement

The following table provides the level of the fair value hierarchy within which the carrying amounts of the financial assets and liabilities measured at fair value are categorized.

Year ended 31 December 2021	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at FVTPL				
Foreign currency forwards (note 15)	–	2,504	–	2,504
Convertible notes (note 15)	–	–	20,402	20,402
Derivatives used for hedging				
Foreign currency forwards (note 15)	–	3,880	–	3,880
Foreign currency options (note 15)	–	567	–	567
Cross currency swaps (note 15)	–	936	–	936
Interest rate swaps (note 15)	–	466	–	466
Total	**–**	**8,353**	**20,402**	**28,755**

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial liabilities at FVTPL				
Foreign currency forwards (note 15)	–	600	–	600
Contingent consideration	–	–	2,400	2,400
Derivatives used for hedging				
Foreign currency forwards (note 15)	–	505	–	505
Foreign currency options (note 15)	–	213	–	213
Cross currency swaps (note 15)	–	1,522	–	1,522
Total	**–**	**2,840**	**2,400**	**5,240**

Year ended 31 December 2020	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at FVTPL				
Foreign currency forwards (note 15)	–	5,754	–	5,754
Derivatives used for hedging				
Foreign currency forwards (note 15)	–	3,168	–	3,168
Foreign currency options (note 15)	–	482	–	482
Total	–	9,404	–	9,404

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial liabilities at FVTPL				
Foreign currency forwards (note 15)	–	7,354	–	7,354
Foreign currency options (note 15)	–	298	–	298
Contingent consideration	–	–	775	775
Derivatives used for hedging				
Foreign currency forwards (note 15)	–	2,761	–	2,761
Foreign currency options (note 15)	–	57	–	57
Cross currency swaps (note 15)	–	10,973	–	10,973
Total	–	21,443	775	22,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

3. Financial instruments continued

3.4 Fair value measurement continued

Valuation techniques and key inputs

Foreign currency forwards

Discounted future cash flows (based on the forward exchange rate) using observable yield curves adjusted for credit risk.

Foreign currency options

Garman-Kohlhagen model (an adaptation of the Black-Scholes model for currency option).

Cross currency swaps

Discounted future cash flows using observable yield curves (including currency basis spreads). The fair value of the leg measured in foreign currency is translated using the spot exchange rate.

There were no changes in valuation techniques during the period.

Assets and liabilities in Level 3

Convertible notes

In June 2021, the Group entered into an agreement to purchase a convertible note for USD 19.9 million, with an option to convert into equity subject to certain conditions.

Fair value represents the present value of future cash flows (principal and interest) using the incremental rate of the notes plus the fair value of the conversion option as the option has no intrinsic value.

Contingent consideration

The fair value represents the present value of the expected payment discounted at risk-adjusted rate.

The Group has adjusted the contingent consideration payable related to the acquisition of Htrunk Software Solutions Private Limited based on the latest forecast and current achievements of the target under the terms of the Sale and Purchase agreement. The earnout period ends on 31 March 2022.

Reasonable change in forecasted units and discount rate will not materially affect the change in fair value at the reporting date.

Reconciliation from opening to closing balances:

	Equity securities USD 000	Convertible note USD 000	Contingent consideration USD 000
At 1 January 2020	16,079	6,000	20,930
Amount reversed within 'Cost of sales'	–	–	(20,515)
Fair value change through OCI	(564)	–	–
Realized loss on sale through OCI	(1,463)	–	–
Interest	–	443	–
Unwinding of discount to 'Finance costs'	–	–	360
Disposal	(14,052)	(6,443)	–
At 31 December 2020	–	–	775
Purchase	–	19,900	–
Amount true-up to 'Cost of sales'	–	–	1,467
Interest	–	502	–
Unwinding of discount to 'Finance costs'	–	–	158
At 31 December 2021	**–**	**20,402**	**2,400**

3.5 Hedging

At 31 December, the Group held the following derivatives as hedging instruments:

Year ended 31 December 2021

	Time band		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Purchase of foreign currency forwards:			
Nominal amount expressed in USD equivalent (in thousands)	40,129	39,185	8,911
USD/CHF VWAP	0.913	0.909	0.905
GBP/USD VWAP	1.376	1.377	1.364
USD/INR VWAP	77.486	79.231	80.364
Sale of foreign currency forwards:			
Nominal amount expressed in USD equivalent (in thousands)	22,474	15,905	1,771
EUR/USD VWAP	1.215	1.224	1.181
Purchase of foreign currency options:			
Nominal amount expressed in USD equivalent (in thousands)	946	7,240	4,891
VWAP USD/CHF strike	0.880	0.880	–
VWAP USD/INR strike	74.664	75.310	75.364
VWAP EUR/USD strike	1.142	1.124	1.145
Sale of foreign currency options:			
Nominal amount expressed in USD equivalent (in thousands)	416	5,862	4,092
VWAP USD/CHF strike	0.928	0.928	–
VWAP USD/INR strike	78.461	79.349	79.460
VWAP EUR/USD strike	1.274	1.268	1.195
Cross currency swaps:			
Nominal amount in CHF (in thousands)	150,000	–	30,000
EUR/CHF VWAP	1.033	–	–
USD/CHF VWAP	–	–	0.932
Interest rate derivatives:			
Nominal amount in CHF (in thousands)	–	45,000	–
Average fixed rate	–	(0.07%)	–

Since the critical terms of the hedging instrument closely match those of the hedge items, the Group applies a hedge ratio of 1:1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

3. Financial instruments continued

3.5 Hedging continued

Year ended 31 December 2020

	Time band		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Purchase of forward currency forwards:			
Nominal amount expressed in USD equivalent (in thousands)	31,661	17,271	23,228
USD/CHF VWAP	0.944	0.920	–
GBP/USD VWAP	1.278	1.252	1.349
USD/INR VWAP	75.716	78.787	78.571
USD/RON VWAP	4.354	4.496	–
Sale of foreign currency forwards:			
Nominal amount expressed in USD equivalent (in thousands)	16,788	17,329	24,712
EUR/USD VWAP	1.158	1.155	1.236
Foreign currency options:			
Nominal amount expressed in USD equivalent (in thousands)	24,240	15,093	–
USD/CHF strike	0.911-0.988	0.911-0.988	–
GBP/USD strike	1.312	1.3315-1.2690	–
USD/INR strike	72.55-80.10	72.55-80.10	–
Cross currency swaps:			
Nominal amount in CHF (in thousands)	–	–	150,000
EUR/CHF VWAP	–	–	1.033

Since the critical terms of the hedging instrument closely match those of the hedge items, the Group applies a hedge ratio of 1:1.

The effect of hedge accounting on the financial position and performance

The table below shows the effect on the financial statements from the items designated as hedged items and hedging instruments.

Items designated as hedging instrument

	Carrying amount			
Year ended 31 December 2021	**Assets USD 000**	**Liabilities USD 000**	**Line item in the statement of financial position**	**Period change in value used to determine hedge ineffectiveness USD 000**
Foreign exchange risk				
Foreign currency forwards – cash flow hedge	3,880	505	Other financial assets and liabilities (note 15)	3,244
Foreign currency options – cash flow hedge	567	213	Other financial assets and liabilities (note 15)	385
Cross currency swaps – cash flow hedge	–	1,522	Other financial assets and liabilities (note 15)	9,451
Cross currency swaps – net investment hedge	936	–	Other financial assets and liabilities (note 15)	916
Interest rate risk				
Interest rate swaps – cash flow hedge	466	–	Other financial assets and liabilities (note 15)	466

Items designated as a hedge item

Year ended 31 December 2021	Period change in value used to determine hedge ineffectiveness USD 000	Cash flow hedge reserve ()= cumulative loss USD 000	Costs of hedging reserve ()= cumulative loss USD 000
Foreign exchange risk			
Forecast transactions – cash flow hedge	3,629	3,759	(30)
Borrowings – cash flow hedge	9,451	(922)	–
Investment in foreign operations – net investment hedge	916	779	20
Interest rate risk			
Forecasted issuance of interest-bearing liabilities – cash flow hedge	466	466	–

Items designated as hedging instrument

	Carrying amount			
Year ended 31 December 2020	Assets USD 000	Liabilities USD 000	Line item in the statement of financial position	Period change in value used to determine hedge ineffectiveness USD 000
Foreign exchange risk				
Foreign currency forwards – cash flow hedge	3,168	2,761	Other financial assets and liabilities (note 15)	138
Foreign currency options – cash flow hedge	482	57	Other financial assets and liabilities (note 15)	511
Cross currency swaps – cash flow hedge	–	10,973	Other financial assets and liabilities (note 15)	984

Items designated as a hedge item

Year ended 31 December 2020	Period change in value used to determine hedge ineffectiveness USD 000	Cash flow hedge reserve ()= cumulative loss USD 000	Costs of hedging reserve ()= cumulative loss USD 000
Foreign exchange risk			
Forecast transactions – cash flow hedge	649	918	(86)
Borrowings – cash flow hedge	984	(3,197)	–

Note 26 provides details on changes in fair value and amounts reclassified to profit or loss by risk category.

There was no ineffectiveness recognized during the period (2020: USD nil).

The Group does not have any forecast transactions for which cash flow hedge accounting has been used in previous periods but which are no longer expected to occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

3. Financial instruments continued

3.6 Offsetting financial assets and financial liabilities

Derivative transactions entered into by the Group are governed by 'ISDA' master agreements. Such agreements may permit the Group to use net settlement in respect of either the same transaction or multiple defined transactions in the normal course of business and more importantly provide the right to close-out netting when the agreement is terminated as a result of an event of default or a termination event.

The Group has a set-off agreement with one of its partners. Under the terms of this agreement, all amounts payable are offset against receivables and the net amount are settled between the parties.

Year ended 31 December 2021

	Gross amount USD 000	Amount set-off USD 000	Amount reported USD 000	Amount not set-off USD 000	Net amount USD 000
Financial assets					
Trade receivables (note 14)	312,228	(1,709)	310,519	–	310,519
Derivative financial assets (note 15)	8,353	–	8,353	(1,909)	6,444
Total	**320,581**	**(1,709)**	**318,872**	**(1,909)**	**316,963**
Financial liabilities					
Trade payables (note 18)	41,994	(1,709)	40,285	–	40,285
Derivative financial liabilities (note 15)	2,840	–	2,840	1,909	931
Total	**44,834**	**(1,709)**	**43,125**	**1,909**	**41,216**

Year ended 31 December 2020

	Gross amount USD 000	Amount set-off USD 000	Amount reported USD 000	Amount not set-off USD 000	Net amount USD 000
Financial assets					
Trade receivables (note 14)	274,508	(738)	273,770	–	273,770
Derivative financial assets (note 15)	9,404	–	9,404	(4,239)	5,165
Total	283,912	(738)	283,174	(4,239)	278,935
Financial liabilities					
Trade payables (note 18)	19,113	(738)	18,375	–	18,375
Derivative financial liabilities (note 15)	21,443	–	21,443	4,239	17,204
Total	40,556	(738)	39,818	4,239	35,579

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see note 17).

If future sales and size of market opportunities are significantly lower than management's estimates, the carrying value of goodwill may need to be reduced accordingly. However, unless any downturn is particularly severe and pervasive, it is unlikely to have a material impact on the carrying value of goodwill.

At 31 December 2021, the carrying amount of goodwill amounted to USD 1,086.4 million (2020: USD 1,122.5 million).

Revenue recognition

As detailed in note 2.17, the Group is required to make an assessment for each new software license contract as to whether the underlying software requires significant modification or customization by the Group in order to meet the customer's requirements. If significant modification or customization is required, then the license fee is recognized at the point in time when all developments and customizations are complete, functional and delivered to the customer. However, the majority of such modifications or customizations have not been deemed significant in current or prior periods.

Under IFRS 15, the collection of cash is addressed from the outset. If Temenos does not consider the customer to have the ability or intent to pay the consideration promised for the performance obligations, then Temenos is not in possession of a contract and revenue recognition cannot commence. If there is doubt about the total amount of consideration to be paid, then this is assessed under the variable consideration guidance. Both of these require judgment to be applied by Temenos.

In addition, management exercises judgment with respect to the determination of the appropriate method to estimate the standalone selling price for the various performance obligations in a contract, which ultimately impacts the amount of revenue recognized in the consolidated financial statements for each performance obligation.

In respect of services revenue, management exercises judgment in determining the percentage of completion, specifically with regard to total man-days remaining to complete the implementation.

Internally generated software development

As detailed in note 2.7, the Group is required to make an assessment for each ongoing project in order to determine the stage a project meets the criteria outlined in the Group's accounting policies. Such an assessment may, in certain circumstances, require significant judgment. In making this judgment, the Group evaluates, amongst other factors, the stage at which technical feasibility has been achieved, management's intention to complete and use or sell the product, likelihood of success, availability of technical and financial resources to complete the development phase and management's ability to reliably measure the expenditure attributable to the project. Total development expenses for the period were USD 277.6 million (2020: USD 274.9 million) and total capitalized development costs were USD 90.5 million (2020: USD 76.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

5. Group companies

The consolidated financial statements include the accounts of Temenos AG and the following entities as at 31 December 2021:

Company name	Country of incorporation	2021 Ownership interest	2020 Ownership interest
Avoka Technologies Pty Limited	Australia	100%	100%
Infinitive Pty Limited	Australia	100%	100%
Rubik Esop Trusco Pty Limited	Australia	100%	100%
Rubik IP Holdings Pty Limited	Australia	100%	100%
Rubik Mortgages Pty Limited	Australia	100%	100%
Sky Technologies Consulting Pty Limited	Australia	100%	100%
Sky Technologies Holdings Pty Limited	Australia	100%	100%
Sky Technologies Pty Limited	Australia	100%	100%
Temenos Australia Financial Pty Limited	Australia	100%	100%
Temenos Australia Messaging Pty Limited	Australia	100%	100%
Temenos Australia Operations Pty Limited	Australia	100%	100%
Temenos Australia Pty Limited	Australia	100%	100%
Temenos Australia Services Pty Limited	Australia	100%	100%
Temenos Australia Symmetry Pty Limited	Australia	100%	100%
Temenos Australia Technology Solutions Pty Limited	Australia	100%	100%
Temenos Solutions Australia Pty Limited	Australia	100%	100%
Odyssey Financial Technologies SA	Belgium	100%	100%
Temenos Belgium SA	Belgium	100%	100%
Temenos Software Brasil Limitada	Brazil	100%	100%
Temenos Holdings Limited	British Virgin Islands	100%	100%
Temenos Bulgaria Eood	Bulgaria	100%	100%
Avoka Technologies Canada Inc.	Canada	100%	100%
Temenos Canada Inc.	Canada	100%	100%
Temenos Software (Shanghai) Co. Limited	China	100%	100%
Temenos Colombia SAS	Colombia	100%	100%
Temenos Costa Rica SA	Costa Rica	100%	100%
Temenos (Russia) Limited	Cyprus	100%	100%
Temenos Middle East Limited	Cyprus	100%	100%
Temenos Denmark ApS	Denmark	100%	100%
Temenos Ecuador SA	Ecuador	100%	100%
Temenos Egypt LLC	Egypt	100%	100%
Igefi France SARL	France	100%	100%
Temenos France SAS	France	100%	100%
Temenos Holdings France SAS	France	100%	100%
Viveo France SAS	France	100%	100%
Viveo Group SAS	France	100%	100%
Avoka (Germany) GmbH	Germany	100%	100%
Temenos Deutschland GmbH	Germany	100%	100%
Temenos Hellas SA	Greece	100%	100%
Igefi Hong Kong Limited	Hong Kong	100%	100%
Temenos Finance Hong Kong Limited	Hong Kong	100%	100%
Temenos Hong Kong Limited	Hong Kong	100%	100%
Temenos India Private Limited	India	100%	100%
Kony India Private Limited	India	100%	100%
Kony IT Services Private Limited*	India	0%	100%
Kony Marketing Services Private Limited*	India	0%	100%
Kony Services India LLP	India	100%	100%
Igefi Ireland Limited	Ireland	100%	100%
Temenos Systems Ireland Limited	Ireland	100%	100%
Temenos Israel Limited	Israel	100%	100%
Temenos Japan KK	Japan	100%	100%
Temenos Kazakhstan LLP	Kazakhstan	100%	100%
Temenos East Africa Limited	Kenya	100%	100%
Temenos Korea Limited	Korea	100%	100%
Igefi Group Sarl	Luxembourg	100%	100%
Odyssey Group SA	Luxembourg	100%	100%

Company name	Country of incorporation	2021 Ownership interest	2020 Ownership interest
Temenos Finance Luxembourg Sarl	Luxembourg	100%	100%
Temenos Luxembourg SA	Luxembourg	100%	100%
Temenos Software Luxembourg SA	Luxembourg	100%	100%
Temenos (Malaysia) Sdn Bhd	Malaysia	100%	100%
Temenos Mexico SA de CV	Mexico	100%	100%
Temenos North Africa LLC	Morocco	100%	100%
Kony Solutions BV	Netherlands	100%	100%
Temenos (NL) BV	Netherlands	100%	100%
Temenos Holland BV	Netherlands	100%	100%
Temenos Investments BV	Netherlands	100%	100%
Temenos New Zealand Limited	New Zealand	100%	100%
Temenos Panama SA	Panama	100%	100%
Temenos Philippines Inc.	Philippines	100%	100%
Temenos Polska Sp. z o. o.	Poland	100%	100%
Kony Solutions Limited	Republic of Mauritius	100%	100%
Temenos Romania SRL	Romania	100%	100%
Kony Singapore Pte Limited	Singapore	100%	100%
Temenos Singapore FT Pte Limited	Singapore	100%	100%
Temenos Singapore Pte Limited	Singapore	100%	100%
Temenos Africa (Pty) Limited	South Africa	100%	100%
Temenos Hispania SL	Spain	100%	100%
Temenos Colombo (Pvt) Limited**	Sri Lanka	100%	0%
Temenos Cloud Switzerland SA	Switzerland	100%	100%
Temenos Headquarters SA	Switzerland	100%	100%
Temenos (Thailand) Co. Limited	Thailand	100%	100%
Temenos Eurasia Banka Yazilimlari Ltd Sirketi	Turkey	100%	100%
Temenos Ukraine LLC***	Ukraine	0%	100%
Avoka Europe Limited	United Kingdom	100%	100%
Edge IPK Limited	United Kingdom	100%	100%
FE Mobile Limited	United Kingdom	100%	100%
Financial Objects (UK) Limited	United Kingdom	100%	100%
Financial Objects International Limited	United Kingdom	100%	100%
Financial Objects Limited	United Kingdom	100%	100%
Igefi UK Limited	United Kingdom	100%	100%
Logical Glue Limited	United Kingdom	100%	100%
Odyssey Financial Technologies Limited	United Kingdom	100%	100%
Temenos FOFL Limited	United Kingdom	100%	100%
Temenos FOGT Limited	United Kingdom	100%	100%
Temenos UK Limited	United Kingdom	100%	100%
Wealth Management Systems Limited	United Kingdom	100%	100%
Avoka (USA), Inc.	USA	100%	100%
Kony, Inc.	USA	100%	100%
Kony Services, Inc.*	USA	0%	100%
Temenos Cloud Americas LLC	USA	100%	100%
Temenos Holdings USA, Inc.	USA	100%	100%
Temenos USA, Inc.	USA	100%	100%
Trinovus Systems LLC	USA	100%	100%
Temenos Vietnam Company Limited	Vietnam	100%	100%

* Merger of companies in 2021: Merger of Kony IT Services Private Limited and Kony Marketing Services Private Limited into Temenos India Private Limited. Merger of Kony Services, Inc. into Kony, Inc.

** Company set up in 2021.

*** Company struck-off in 2021.

In addition to the Group companies listed above, some Group subsidiaries maintain branches or representative offices at the following locations: Beirut (Lebanon), Dubai (United Arab Emirates), Riyadh (Saudi Arabia), Milan (Italy), Moscow (Russia), Taipei (Taiwan), Islamabad (Pakistan), Jakarta (Indonesia), Tunis (Tunisia), Nantes (France), Helsinki (Finland), Malmö (Sweden) and Renens (Switzerland).

Significant restrictions

Other than those described in note 13, there is no significant restriction on the Group's ability to access or use assets and settle liabilities of the above entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

6. Business combinations

There were no acquisitions during the years ended 31 December 2021 and 31 December 2020.

2019 acquisition – Logical Glue Limited

The cash outflow of USD 1.7 million during the year ended 31 December 2021 relates to deferred consideration for Logical Glue Limited, which was acquired by the Group on 17 July 2019.

7. Segment information

The Chief Operating Decision Maker ('CODM') has been identified as the Group's Chief Executive Officer ('CEO'). He regularly reviews the Group's operating segments in order to assess performance and to allocate resources.

The CODM considers the business from a product perspective and, therefore, recognizes the reporting segments as: 'Product' and 'Services'. Other representations of the Group's activity such as regional information is also presented to the CODM, but it is not primarily used to review the Group's performance and to make decisions as to how to allocate resources. These two reporting segments are the Group's only operating segments, hence there is no segmental aggregation.

The 'Product' segment is primarily engaged in marketing, licensing and maintaining the Group's software solutions, including software development fees for requested functionality, as well as providing hosting and subscription arrangements. The 'Services' segment represents various implementation tasks such as consulting and training.

The CODM assesses the performance of the operating segments based on the operating contribution. This measure includes the operating expenses that are directly or reasonably attributable to the reporting segments. Unallocated expenses mainly comprise restructuring costs, termination benefits, acquisition-related costs, share-based payment expenses, office-related expenses and any other administrative or corporate overheads that cannot be directly attributable to the operating segments. Segment revenues provided to the CODM exclude the fair value adjustment recognized on deferred income liabilities acquired in business combinations, and hence total revenues allocated to the two segments exceed the IFRS reported figures.

Assets attributed to the reporting segments represent net trade receivables and contract assets (note 14).

The table below summarizes the primary information provided to the CODM:

	Product		Services		Total	
	2021 USD 000	2020 USD 000	**2021 USD 000**	2020 USD 000	**2021 USD 000**	2020 USD 000
Revenues	**810,985**	736,880	**156,017**	163,053	**967,002**	899,933
Operating contribution	**398,496**	363,874	**24,193**	32,409	**422,689**	396,282
Total assets	**226,558**	185,336	**83,961**	88,434	**310,519**	273,770

All revenues are generated from contracts with external customers. The Group has a large number of customers and no individual customer contributed more than 10% of the Group's total revenue in the current and prior year.

The accounting policies applied to the reportable segments are the same as the Group's accounting policies described in note 2, with the exception of the fair value adjustment on deferred income liabilities acquired in business combinations.

Intersegment transactions are recognized as part of allocated expenses, and are based on internal cost rates that exclude any profit margin.

For goodwill impairment testing purposes, goodwill of USD 1,086.4 million (2020: USD 1,122.5 million) was allocated to the product segment.

Reconciliation to Group's consolidated financial statements	**2021 USD 000**	2020 USD 000
Total operating contribution from the reportable segments	**422,689**	396,282
Fair value adjustment on acquired deferred income liabilities	**–**	(12,575)
Depreciation and amortization (notes 16 and 17)	**(144,033)**	(148,957)
Unallocated expenses	**(40,572)**	(1,151)
Finance costs – net (note 11)	**(26,568)**	(29,370)
Profit before taxation	**211,516**	204,230

Total assets	2021 USD 000	2020 USD 000
Total assets allocated to the reportable segments	310,519	273,770
Unallocated items:		
Other receivables	75,835	63,215
Cash and cash equivalents	139,322	110,195
Other financial assets	28,755	9,404
Property, plant and equipment	59,415	62,930
Intangible assets	1,597,110	1,667,704
Deferred tax assets	23,128	28,473
Total assets per the statement of financial position	**2,234,084**	2,215,691

Geographical information

Revenues from external customers	2021 USD 000
Switzerland (country of the Group's domiciliation)	31,095
United States of America	202,064
United Kingdom	43,896
Australia	43,445
Luxembourg	34,879
Ireland	31,290
Total – material countries*	386,669
Middle East and Africa	194,083
Rest of Europe	162,852
Rest of Asia	146,262
Rest of America	77,136
Total revenues	**967,002**

* Saudi Arabia is not separately reported in the 2021 geographical information as the revenues from external customers attributed to it was not material. Ireland has been added to the 2021 geographical information as the revenue from external customers is deemed material.

Revenues from external customers	2020 USD 000
Switzerland (country of the Group's domiciliation)	34,295
United States of America	149,088
United Kingdom	55,286
Saudi Arabia	41,144
Australia	40,362
Luxembourg	40,326
Total – material countries	360,501
Rest of Europe	203,538
Middle East and Africa	123,532
Rest of Asia	113,031
Rest of America	86,756
Total revenues	887,358

Revenues are based on the location where the license and maintenance is sold or the service is provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

7. Segment information continued

Non-current assets other than financial instruments and deferred tax assets	2021 USD 000
Switzerland (country of the Group's domiciliation)	221,978
United States of America	662,110
Australia	272,402
Luxembourg	267,054
United Kingdom	76,850
France	64,722
Other countries	91,409
Total	**1,656,525**

	2020 USD 000
Switzerland (country of the Group's domiciliation)	191,978
United States of America	696,163
Australia	300,199
Luxembourg	297,863
United Kingdom	74,304
France	71,140
Other countries	98,987
Total	1,730,634

8. Revenue from contracts with customers

Future performance obligations

The aggregate amount of the transaction price allocated to performance obligations that were partially unsatisfied or wholly unsatisfied as at the reporting year end is as follows:

	2021			2020		
	Within one year USD 000	More than one year USD 000	Total USD 000	Within one year USD 000	More than one year USD 000	Total USD 000
Revenue expected to be recognized	552,620	1,394,670	**1,947,290**	496,752	1,257,966	1,754,718

The remaining performance obligations expected to be recognized within one year and more than one year mainly relate to ongoing maintenance contracts.

Contract balances

	2021 USD 000	2020 USD 000
Contract assets	54,561	62,466
Deferred revenue	397,730	356,787

Revenue of USD 281.6 million (2020: USD 197.3 million) was recognized during the year ended 31 December 2021 from the deferred revenue balance included at the beginning of the period.

Revenue of USD 50.2 million (2020: USD 3.1 million) was recognized during the year ended 31 December 2021 from performance obligations satisfied (or partially satisfied) in previous periods. The increase mainly relates to milestone achievement on contracts.

Contract costs

The Group has recognized an asset in relation to the costs incurred to obtain and fulfill contracts, which is presented within 'Other receivables' on the balance sheet.

	2021 USD 000	2020 USD 000
Assets recognized from costs incurred to fulfill a contract:		
– Customization developments capitalized as work in progress	**2,725**	1,447

Costs associated with customization developments are recognized in the profit or loss when delivery is performed. In 2021, the amount recognized in the profit or loss was USD 1.1 million (2020: USD 0.6 million).

	2021 USD 000	2020 USD 000
Assets recognized from costs to obtain the contract:		
Current	**4,022**	7,086
Non-current*	**10,296**	–
	14,318	7,086

* Effective 1 January 2021 capitalized contract cost is analyzed as current and non-current based on revenue recognition pattern of respective contract cost.

Capitalized commission is amortized over the life of the contract committed for by the customer, as commissions are driven by the commitment period. In 2021, the amount amortized to the profit or loss was USD 2.9 million (2020: USD 2.9 million).

The Group applies the practical expedient in paragraph 94 of IFRS 15; the incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset, that the Group otherwise would have recognized, is one year or less.

9. Expenses by nature

	2021 USD 000	2020 USD 000
Third party licenses and commissions	**55,898**	23,146
Personnel costs and external consultants	**530,524**	474,746
Depreciation, amortization and impairment of intangible assets (notes 16 and 17)	**148,385**	148,957
Travel expenses	**6,129**	10,355
Rent and other occupancy costs	**8,750**	7,227
Marketing and other professional costs	**24,261**	24,658
Other costs	**45,498**	40,984
Capitalized development costs (note 17)	**(90,527)**	(76,315)
	728,918	653,758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

10. Employee benefit expenses

	2021 USD 000	2020 USD 000
Wages and salaries	**330,606**	311,866
Termination benefits	**2,675**	11,947
Social charges	**43,721**	45,485
Defined contribution pension costs	**9,345**	11,143
Defined benefit pension costs (note 23)	**3,709**	3,029
Cost of employee share option scheme (note 27)	**44,855**	6,325
	434,911	389,795

Included in employee benefit expenses is the remuneration of the key management personnel as illustrated below:

	2021 USD 000	2020 USD 000
Key management personnel of Temenos AG		
– Short-term cash compensation and benefits	**13,013**	3,308
– Post-employment benefits	**305**	252
– Share-based payment	**21,129**	1,898
	34,447	5,458
Non-Executive Directors		
– Short-term benefits	**807**	779

Remuneration of the Board of Directors and the Executive Committee (together defined as key management personnel) in accordance with the Swiss Code of Obligations and the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies can be found in the Compensation report of the Annual Report.

11. Finance costs – net

	2021 USD 000	2020 USD 000
Finance income:		
– Interest income on bank deposits and short-term investments	**247**	544
– Interest income on non-current trade and other receivables measured at amortized cost	**421**	315
– Interest income on convertible notes (note 15)	**502**	443
– Net gain on derivatives not designated as hedging instruments	**3,733**	–
– Foreign exchange gain, net	**–**	9,675
Total finance income	**4,903**	10,977
Finance costs:		
– Interest expense on financial instruments measured at amortized cost	**(21,355)**	(26,134)
– Unwinding on interest discount for contingent consideration	**(158)**	(360)
– Other financing costs*	**(5,060)**	(4,929)
– Net loss on derivatives not designated as hedging instruments	**–**	(8,924)
– Foreign exchange loss, net	**(4,898)**	–
Total finance costs	**(31,471)**	(40,347)
Finance costs – net	**(26,568)**	(29,370)

* Other financing costs mostly include commitment fees attributable to banking facilities and issuance fees of financing instruments not recorded as an interest expense (note 2.11).

12. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
Profit attributable to equity holders of the Company (USD 000)	**173,370**	175,020
Weighted average of ordinary shares outstanding during the year (in thousands)	**71,725**	71,988
Basic earnings per share (USD per share)	**2.42**	2.43

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the periods presented in these consolidated financial statements, the Group has only one category with a potential dilutive effect: 'Instrument granted to employee under share-based payment'.

For the periods ended 31 December 2020 and 31 December 2021, this category was fully dilutive.

	2021	2020
Profit used to determine diluted earnings per share (USD 000)	**173,370**	175,020
Weighted average of ordinary shares outstanding during the year (in thousands)	**71,725**	71,988
Adjustments for:		
– Share options and restricted shares (in thousands)	**652**	1,244
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**72,377**	73,232
Diluted earnings per share (USD per share)	**2.40**	2.39

13. Net debt analysis

	2021 USD 000	2020 USD 000
Cash at bank and in hand (note 2.4)	**101,822**	87,419
Short-term deposits (note 2.4)	**37,500**	20,823
Other short-term liquid investments (note 2.4)	**–**	1,953
Cash and cash equivalents*	**139,322**	110,195
Borrowings – repayable within one year (note 19)	**(211,009)**	(21,518)
Borrowings – repayable after one year (note 19)	**(748,849)**	(956,338)
Cross currency swaps – hedging instruments (note 15)	**(586)**	(10,973)
Gross debt	**(960,444)**	(988,829)
Net debt	**(821,122)**	(878,634)

* Included in 'Cash and cash equivalents' is USD 4.4 million (2020: USD 11.5 million) held in jurisdictions where regulatory exchange controls exist and therefore are not available for general use by the Group outside of such jurisdiction at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

13. Net debt analysis continued

The carrying value of cash and cash equivalents approximates their fair value.

	Changes in liabilities from financing activities					
	Cross currency swaps – principal USD 000	Lease liabilities USD 000	Other borrowings USD 000	**Gross debt USD 000**	Other liabilities* USD 000	**Total USD 000**
At 31 December 2019	(11,957)	(51,318)	(1,123,249)	**(1,186,524)**	(2,188)	**(1,188,712)**
Cash flows from financing activities						
– Net repayments	–	–	270,836	**270,836**	–	**270,836**
– Interest payments	–	–	13,719	**13,719**	9,768	**23,487**
– Other financing costs	–	–	–	**–**	4,162	**4,162**
– Payments of lease liabilities	–	19,446	–	**19,446**	–	**19,446**
Fair value and foreign exchange movement	984	(1,526)	(76,765)	**(77,307)**	–	**(77,307)**
Interest on lease liabilities (note 20)	–	(1,882)	–	**(1,882)**	–	**(1,882)**
Interest accruals	–	–	(14,241)	**(14,241)**	(10,137)	**(24,378)**
Net (additions)/disposals of lease liabilities	–	(13,560)	–	**(13,560)**	–	**(13,560)**
Other movements	–	684	–	**684**	(4,025)	**(3,341)**
At 31 December 2020	(10,973)	(48,156)	(929,700)	**(988,829)**	(2,420)	**(991,249)**
Cash flows from financing activities						
– Net proceeds	–	–	(15,902)	**(15,902)**	–	**(15,902)**
– Interest payments	–	–	13,847	**13,847**	5,833	**19,680**
– Other financing costs	–	–	–	**–**	3,847	**3,847**
– Payments of lease liabilities	–	16,743	–	**16,743**	–	**16,743**
Fair value and foreign exchange movement	10,387	1,507	30,736	**42,630**	–	**42,630**
Interest on lease liabilities (note 20)	–	(1,212)	–	**(1,212)**	–	**(1,212)**
Interest accruals	–	–	(14,623)	**(14,623)**	(8,479)	**(23,102)**
Net (additions)/disposals of lease liabilities	–	(13,826)	–	**(13,826)**	–	**(13,826)**
Other movements	–	728	–	**728**	(1,107)	**(379)**
At 31 December 2021	**(586)**	**(44,216)**	**(915,642)**	**(960,444)**	**(2,326)**	**(962,770)**

* Included in 'Other payables'.

14. Trade and other receivables

	2021 USD 000	2020 USD 000
Trade receivables	**259,189**	214,179
Contract assets (note 8)	**54,561**	62,466
Loss allowance	**(3,231)**	(2,875)
Trade receivables and contract assets – net	**310,519**	273,770
VAT and other taxation recoverable	**17,931**	19,806
Other receivables	**10,998**	10,295
Prepayments and capitalized contract cost	**46,906**	33,114
Total trade and other receivables	**386,354**	336,985
Less non-current portion	**(53,876)**	(10,005)
Total current trade and other receivables	**332,478**	326,980

Trade and other receivables are recognized initially at the transaction price or at fair value if they contain a significant financing component. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures these subsequently at amortized cost using the effective interest method.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned above. The Group's exposure to credit and market risk is disclosed in note 3.2.

Fair values of trade and other receivables qualified as financial assets and measured at amortized cost

	Carrying amount		Fair value	
	2021 USD 000	2020 USD 000	2021 USD 000	2020 USD 000
Current trade and other receivables	**295,868**	282,395	**295,868**	282,395
Non-current trade and other receivables	**43,580**	10,005	**42,787**	9,887
	339,448	292,400	**338,655**	292,282

The carrying amount of current trade and other receivables approximate their fair value. The fair value measurement of non-current trade and other receivables is based on a discounted cash flow approach using a risk-free yield curve adjusted for credit risk, and is within Level 2 of the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

14. Trade and other receivables continued

Movements in the provision for impairment

The allowance account is used for impairment of trade receivables and contract assets.

	Trade receivables and contract assets	
	2021 USD 000	2020 USD 000
Balance at 1 January	2,875	2,439
Increase in loss allowance	1,761	1,383
Utilized	(1,300)	(917)
Recovered	–	(28)
Exchange gain	(106)	(2)
Balance at 31 December	3,231	2,875

Included in 'Sales and marketing' is USD 1.7 million (2020: USD 1.4 million) impairment loss related to trade receivables and contract assets.

15. Other financial assets and liabilities

	2021		2020	
	Assets USD 000	Liabilities USD 000	Assets USD 000	Liabilities USD 000
Foreign currency forwards – hedging instruments	3,880	505	3,168	2,761
Foreign currency options – hedging instruments	567	213	482	57
Foreign currency forwards – held for trading	2,504	600	5,754	7,354
Foreign currency options – held for trading	–	–	–	298
Cross currency swaps – hedging instruments	936	1,522	–	10,973
Interest rate swaps – hedging instruments	466	–	–	–
Convertible notes (note 3.4)	20,402	–	–	–
At 31 December	**28,755**	**2,840**	9,404	21,443
Reported as follows:				
Current	6,756	2,661	9,123	10,319
Non-current	21,999	179	281	11,124
At 31 December	**28,755**	**2,840**	9,404	21,443

The maximum exposure to credit risk at the reporting date is the fair value of the assets as reported in the statement of financial position.

In June 2021, the Group entered into an agreement to purchase a convertible note for USD 19.9 million, with an option to convert into equity subject to certain conditions. Convertible notes are measured at FVTPL.

16. Property, plant and equipment

Year ended 31 December 2021	Leasehold improvements USD 000	Vehicles USD 000	Fixtures fittings & equipment USD 000	Land and buildings USD 000	Right-of-use assets USD 000	Total USD 000
Cost						
At 1 January 2021	16,690	665	60,415	1,879	74,543	154,192
Foreign currency exchange differences	(252)	(9)	(1,269)	(31)	(2,375)	(3,936)
Additions	124	–	9,520	–	16,060	25,704
Retirements/disposals	(349)	–	(3,706)	–	(10,551)	(14,606)
31 December 2021	**16,213**	**656**	**64,960**	**1,848**	**77,677**	**161,354**
Accumulated depreciation and impairment						
At 1 January 2021	13,046	436	46,261	438	31,081	91,262
Foreign currency exchange differences	(185)	(6)	(974)	(8)	(1,027)	(2,200)
Charge for the year	1,702	89	6,812	32	16,915	25,550
Retirements/disposals	(340)	–	(3,590)	–	(8,743)	(12,673)
31 December 2021	**14,223**	**519**	**48,509**	**462**	**38,226**	**101,939**
Net book value						
31 December 2021	**1,990**	**137**	**16,451**	**1,386**	**39,451**	**59,415**

Year ended 31 December 2020	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
Cost						
At 1 January 2020	18,648	657	58,580	1,925	60,524	140,334
Foreign currency exchange differences	(29)	(11)	760	(46)	2,320	2,994
Additions	842	95	5,601	–	14,844	21,382
Retirements/disposals	(2,771)	(76)	(4,526)	–	(3,145)	(10,518)
31 December 2020	16,690	665	60,415	1,879	74,543	154,192
Accumulated depreciation and impairment						
At 1 January 2020	13,849	421	43,734	415	14,632	73,051
Foreign currency exchange differences	96	(4)	696	(9)	1,032	1,811
Charge for the year	1,746	92	6,318	32	17,309	25,497
Retirements/disposals	(2,645)	(73)	(4,487)	–	(1,892)	(9,097)
31 December 2020	13,046	436	46,261	438	31,081	91,262
Net book value						
31 December 2020	3,644	229	14,154	1,441	43,462	62,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

17. Intangible assets

Year ended 31 December 2021	Internally generated software development costs USD 000	Goodwill USD 000	Computer software USD 000	Customer related USD 000	Total USD 000
Cost					
At 1 January 2021	633,039	1,122,493	407,317	335,095	2,497,944
Foreign currency exchange differences	(8,736)	(36,099)	(10,116)	(11,626)	(66,577)
Additions	90,527	–	3,368	–	93,895
31 December 2021	**714,830**	**1,086,394**	**400,569**	**323,469**	**2,525,262**
Accumulated amortization and impairment					
At 1 January 2021	442,892	–	225,929	161,419	830,240
Foreign currency exchange differences	(7,099)	–	(8,954)	(8,870)	(24,923)
Charge for the year	61,418	–	35,950	21,115	118,483
Impairment charge*	4,352	–	–	–	4,352
31 December 2021	**501,563**	**–**	**252,925**	**173,664**	**928,152**
Net book value					
31 December 2021	**213,267**	**1,086,394**	**147,644**	**149,805**	**1,597,110**

Year ended 31 December 2020					
Cost					
At 1 January 2020	546,782	1,077,380	392,636	320,109	2,336,907
Foreign currency exchange differences	9,942	45,113	12,859	14,986	82,900
Additions	76,315	–	2,758	–	79,073
Retirements/disposals	–	–	(936)	–	(936)
31 December 2020	633,039	1,122,493	407,317	335,095	2,497,944
Amortization					
At 1 January 2020	381,468	–	175,731	121,815	679,014
Foreign currency exchange differences	7,667	–	10,859	10,176	28,702
Charge for the year	53,757	–	40,275	29,428	123,460
Retirements/disposals	–	–	(936)	–	(936)
31 December 2020	442,892	–	225,929	161,419	830,240
Net book value					
31 December 2020	190,147	1,122,493	181,388	173,676	1,667,704

* Certain projects that had not been brought into use and are no longer expected to bring future economic benefits were impaired.

An amortization charge of USD 114.3 million (2020: USD 119.4 million) is included in 'Cost of sales'; USD 0.6 million (2020: USD 0.4 million) in 'Sales and marketing'; USD 0.9 million (2020: USD 0.9 million) in 'Other operating expenses'; and USD 2.7 million (2020: USD 2.8 million) in 'General and administrative'.

Impairment tests for goodwill

Management has determined that there are two separate cash-generating units (CGUs), 'Product' and 'Services'. These CGUs have been determined to be the smallest group of assets which generate cash inflows largely independent of cash inflows from other assets within the Group. Goodwill is allocated to the 'Product' CGU, which is the same as the Product reportable segment.

	2021			2020		
	Carrying amount USD 000	**Growth rate %**	**Discount rate %**	Carrying amount USD 000	Growth rate %	Discount rate %
'Product' CGU	**1,086,394**	**1%**	**9.25%**	1,122,493	1%	10.87%
	1,086,394			1,122,493		

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the most recent financial budget and plan approved by management covering a four-year period (2020: a four-year period) and then inflated over a perpetual period using the estimated growth rate assigned to the countries where the cash-generating unit operates. The growth rate does not exceed the long-term average growth rate for the software industry in which the CGU performs its operations. The perpetuity growth rate and the pre-tax discount rate used in the calculation are presented above.

Budgeted cash flow projections are determined based on the expectation of future client signings of the Group's current pipeline. Budgeted gross margin is in line with our history and takes into consideration market developments and efficiency leverage. The Group has seen strong growth across all areas of business in 2021 and is well positioned for growth in future years.

Management believes that any reasonable change in any of the key assumptions described above on which the recoverable amount is based would not cause the reported carrying amount to exceed the recoverable amount of the cash-generating unit.

The discount rate represents the Group's Weighted Average Cost of Capital adjusted for tax effect to determine the pre-tax rate as required by IFRS.

18. Trade and other payables

	2021 USD 000	2020 USD 000
Trade payables	**40,285**	18,375
Accrued expenses	**118,523**	87,751
Contingent consideration (note 3.4)	**2,400**	775
Other payables	**26,662**	28,682
Total trade and other payables	**187,870**	135,583
Less non-current portion	**–**	(775)
Total current trade and other payables	**187,870**	134,808

Except for contingent consideration, trade and other payables are initially recorded at fair value and subsequently measured at amortized cost. As the total carrying amount is due within the next 12 months from the balance sheet date, the impact of applying the effective interest method is not significant and, therefore, the carrying amount equals the contractual amount or the fair value initially recognized.

Contingent consideration is initially and subsequently measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

18. Trade and other payables continued

Fair values of trade and other payables qualified as financial liabilities and measured at amortized cost

	Carrying amount		Fair value	
	2021 USD 000	2020 USD 000	**2021 USD 000**	2020 USD 000
Current trade and other payables	**175,331**	123,027	**175,331**	123,027
Non-current trade and other payables	**–**	–	**–**	–
	175,331	123,027	**175,331**	123,027

The carrying amount of current trade and other payables is considered to be at fair value, due to their short-term nature. The fair value measurement of the non-current trade and other payables is based on a discounted cash flow model using a risk-free yield curve adjusted for credit risk, and is within Level 2 of the fair value hierarchy.

The carrying amount of the items measured at fair value as well as their level in the fair value hierarchy is disclosed in note 3.4.

19. Borrowings

	2021 USD 000	2020 USD 000
Current		
Other loans	**55**	59
Unsecured bonds	**196,499**	5,014
Lease liabilities	**14,455**	16,445
	211,009	21,518
Non-current		
Other loans	**64**	120
Bank borrowings	**123,582**	110,987
Unsecured bonds	**595,442**	813,520
Lease liabilities	**29,761**	31,711
	748,849	956,338
Total borrowings	**959,858**	977,856

Fair value of borrowings

	Carrying amount		Fair value	
	2021 USD 000	2020 USD 000	**2021 USD 000**	2020 USD 000
Other loans	**119**	179	**116**	155
Bank borrowings	**123,582**	110,987	**123,534**	110,845
Unsecured bonds	**791,941**	818,534	**805,766**	821,331
	915,642	929,700	**929,416**	932,331

The fair value measurement of other loans and bank borrowings is based on a discounted cash flow method using observable interest curve adjusted for credit risk and is within Level 2 of the fair value hierarchy. The fair value measurement of the bonds represents their dirty price that is derived from their quotation on the SIX Swiss Exchange and is within Level 1 of the fair value hierarchy.

The carrying amount of borrowings is denominated in the following currencies:

	2021 USD 000	2020 USD 000
Swiss francs	**894,517**	869,644
US dollars	**39,732**	76,047
Other currencies	**25,609**	32,165
	959,858	977,856

Unsecured bonds

The Group holds the following unsecured bonds:

- CHF 175 million with a coupon of 2% paid annually on 17 June. The bond will mature on 17 June 2022 at par and was issued in 2015.
- CHF 175 million with a coupon of 1.875% paid annually on 30 November. The bond will mature on 30 November 2023 at par and was issued in 2018.
- CHF 150 million with a coupon of 1.75% paid annually on 5 April. The bond will mature on 5 April 2024 at par and was issued in 2017.
- CHF 220 million with a coupon of 1.50% paid annually on 28 November. The bond will mature on 28 November 2025 at par and was issued in 2019.

Bank facilities

The Group holds a multicurrency committed revolving facility of USD 660 million. The pertinent details are as follows:

- Interest expense based on observable risk-free rate plus variable margin, which is calculated by reference to financial covenants;
- The facility terminates on 5 July 2026; and
- Commitment fees are due on the undrawn portion.

As at 31 December 2021, a total of USD 123.6 million (2020: USD 111.0 million) was drawn under this agreement.

The facility is subject to financial covenants which have been adhered to during the reported periods.

20. Leases

The Group primarily leases properties (office space) in the jurisdictions from which it operates. The Group also has leases for equipment and vehicles.

Information about leases for which the Group is a lessee is presented below.

Amounts recognized in the statement of financial position

	2021 USD 000	2020 USD 000
Right-of-use asset		
Property	**38,872**	42,857
Equipment	**2**	22
Vehicles	**577**	583
Total	**39,451**	43,462
Lease liabilities		
Current	**14,455**	16,445
Non-current	**29,761**	31,711
Total	**44,216**	48,156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

20. Leases continued

Amounts recognized in profit or loss

	2021 USD 000	2020 USD 000
Leases under IFRS 16		
Depreciation charge for right-of-use-assets		
Property	16,623	17,069
Equipment	19	46
Vehicles	273	194
Total depreciation	**16,915**	17,309
Interest on lease liabilities	1,212	1,882
Expenses relating to short-term leases	635	917
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	234	132
Income from subleasing right-of-use asset	1	11

Amounts recognized in statement of cash flows

The total cash outflow for leases in 2021 was USD 16.7 million (2020: USD 19.4 million).

At 31 December 2021, the commitment on short-term leases was USD 0.3 million (2020: USD 0.4 million) which has not been included in the measurement of lease liabilities.

At 31 December 2021, the Group had committed to leases which had not yet commenced. The total future cash outflows for leases not reflected in lease liabilities is USD 0.9 million (2020: USD 3.7 million).

Extension and termination options

Some office property leases contain extension and termination options exercisable at a certain point in time of the contract period. Where practicable, the Group seeks to include extension and termination options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension or termination options. The Group reassesses the likelihood of the option to extend or terminate if a significant event or significant change in circumstances occurs which is within its control.

Covid-19-related rent concessions

During the year, the Group received rental discounts as a result of the Covid-19 pandemic. The Group applied the practical expedient to all qualifying rent concessions and recognized USD 0.1 million (2020: USD 0.1 million) arising from rental discounts to the profit or loss.

21. Taxation

Tax expense

	2021 USD 000	2020 USD 000
Current tax on profits for the year	26,241	35,485
Adjustments in respect of prior years	16,190	439
Total current tax	42,431	35,924
Deferred tax – origination and reversal of temporary differences	(4,285)	(6,714)
Total tax expense	**38,146**	29,210

Temenos AG is incorporated in Switzerland but the Group operates in various countries with various tax laws and rates. Consequently, the effective tax rate may vary from period to period to reflect the generation of taxable income in tax jurisdictions. A reconciliation between the reported income tax expense and the amount computed using the effective Swiss statutory corporate tax rate for the Group of 14.0% (2020: 14.0%) is as follows.

	2021 USD 000	2020 USD 000
Profit before tax	**211,516**	204,230
Tax at the domestic rate of 14.0% (2020: 14.0%)	**29,612**	28,592
Non-taxable income	**(3,449)**	(1,076)
Non-deductible expenses[1]	**4,009**	18,666
Prior period adjustments[2]	**16,190**	439
Movement in other temporary differences related to unprovided deferred tax[3]	**(631)**	(47,697)
Losses not recognized in period[4]	**4,858**	22,217
Unprovided losses utilised[5]	**(24,905)**	(2,669)
Effects of different tax rates[6]	**7,041**	(3,723)
Overseas withholding tax[7]	**4,971**	12,162
Other tax and credits	**450**	2,299
Total tax expense	**38,146**	29,210

Reconciliation notes:
1 Non-deductible expenses in 2020 includes significant net accounting losses on disposal in relation to intragroup transactions which did not give rise to taxation impacts.
2 Prior period adjustments in 2021 relates to prior period filings, accounting adjustments and movement in uncertain tax positions.
3 Movement in other temporary differences related to unprovided deferred tax relating to movements including but not limited to fixed assets, accounting provisions, retirement benefit obligations, and deferred remuneration. The movement in relation to deferred remuneration was not significant in 2021, unlike 2020.
4 Losses not recognized in the period relates to current period tax losses which do not meet the criteria for recognition as deferred tax assets and principally relates to the UK and UAE.
5 Unprovided losses utilized in the period relates to current period tax losses which did not previously meet the criteria to be recognized as deferred tax assets and principally relates to Switzerland, and the USA in 2021.
6 Effects of differing tax rates for the period is higher than the Swiss rate due to income in higher tax jurisdictions, in particular India and Luxembourg.
7 Overseas withholding taxes are taxes on payments to and from Temenos entities that would be theoretically be available for set-off against Temenos entities corporate income tax profits or tax liabilities.

There is no income tax charge or credit arising relating to components of other comprehensive income, specifically relating to the fair value of financial instruments (2020: USD nil) and a net USD 2.8 million income tax has been credited directly to equity (2020: USD nil) in relation to deferred remuneration. This includes a USD 2.4 million charge related to a prior period error in accounting treatment.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred tax assets and liabilities shown in the consolidated balance sheet are as follows:

	2021 USD 000	2020 USD 000
Deferred tax assets – to be recovered after more than 12 months	**18,173**	24,990
Deferred tax assets – to be recovered within 12 months	**4,955**	3,483
Deferred tax assets	**23,128**	28,473
Deferred tax liabilities – to be recovered after more than 12 months	**(93,047)**	(104,453)
Deferred tax liabilities – to be recovered within 12 months	**(3,358)**	(2,778)
Deferred tax liabilities	**(96,405)**	(107,231)

An assessment of the realizability of deferred tax assets is made on a country by country basis, based on the weight of available evidence including factors such as recent earnings history and expected future taxable income. Deferred tax assets are recognized to the extent that realization of the related tax benefit through future taxable profits is probable.

The Group has not recognized deferred tax assets of USD 103.2 million (2020: USD 117.1 million) in respect of losses amounting to USD 512.4 million (2020: USD 645.4 million) that can be carried forward against future taxable income. Losses amounting to USD 9.9 million (2020: USD 5.5 million) will expire within the next five years, USD 6.1 million (2020: USD 53.5 million) will expire within five to ten years and USD 0.1 million (2020: USD 13.2 million) will expire within ten to 20 years. The Group has also not recognized deferred tax assets of USD 7.0 million in relation to deferred compensation. There are no unrecognized deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

21. Taxation continued

Tax expense continued

At the balance sheet date, the aggregate amount of temporary differences in relation to the investment in subsidiaries for which deferred tax liabilities have not been recognized was USD 1,472 million (2020: USD 1,311 million). No liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of temporary differences and the Group considers that it is probable that such differences will not reverse in the foreseeable future.

The movement in the deferred tax asset is as follows:

	Tax losses USD 000	Intangible assets USD 000	Accounting provisions USD 000	Retirement benefit obligations USD 000	Other STTDs USD 000	Total USD 000
At 1 January 2020	7,645	4,740	5,918	752	100	19,155
Credited (charged) to the income statement	11,765	(1,754)	(1,236)	–	–	8,775
Foreign currency exchange differences	–	–	543	–	–	543
At 31 December 2020	19,410	2,986	5,225	752	100	28,473
Credited (charged) to the income statement	(4,272)	49	(109)	(752)	(39)	(5,123)
Foreign currency exchange differences	–	–	(222)	–	–	(222)
At 31 December 2021	**15,138**	**3,035**	**4,894**	**–**	**61**	**23,128**

The movement in the deferred tax liability is as follows:

	Intangibles USD 000	Deferred revenue USD 000	Financial instruments USD 000	Accounting provisions USD 000	Other USD 000	Total USD 000
At 1 January 2020	(91,926)	(106)	(4,678)	(6,952)	(3)	(103,665)
Credited (charged) to the income statement	18,481	105	(20,280)	(366)	–	(2,060)
Foreign currency exchange differences	(1,543)	–	–	37	–	(1,506)
At 31 December 2020	(74,988)	(1)	(24,958)	(7,281)	(3)	(107,231)
Credited (charged) to the income statement	11,941	–	(6,458)	3,925	–	9,408
Foreign currency exchange differences	859	1	557	(2)	3	1,418
At 31 December 2021	**(62,188)**	**–**	**(30,859)**	**(3,358)**	**–**	**(96,405)**

22. Provisions for other liabilities and charges

	Legal provision USD 000	Property provision USD 000	Termination benefits USD 000	Onerous contracts USD 000	Total USD 000
At 1 January 2021	505	854	2,655	1,499	5,513
Foreign currency exchange differences	–	(14)	9	–	(5)
Increase in provision recognized in profit or loss	–	376	1,970	–	2,346
Used during the year	(300)	(20)	(3,257)	(1,499)	(5,076)
Unused amounts reversed during the year	(181)	–	(100)	–	(281)
At 31 December 2021	**24**	**1,196**	**1,277**	**–**	**2,497**
Reported as follows:					
2021					
Current	24	98	1,277	–	1,399
Non-current	–	1,098	–	–	1,098
At 31 December 2021	**24**	**1,196**	**1,277**	**–**	**2,497**
2020					
Current	505	140	2,655	1,499	4,799
Non-current	–	714	–	–	714
At 31 December 2020	**505**	**854**	**2,655**	**1,499**	**5,513**

Legal provision
The amounts represent provisions for legal claims brought against the Group. The balance at 31 December 2021 is expected to be utilized in 2022. Management believes that the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2021.

Property provision
The property provision represents the net present value of estimated future costs associated with dilapidations. Provisions for dilapidations represent the estimated costs to be incurred at the date of exit.

The non-current portion has not been discounted as the effect of the time value was not material.

The non-current portion of USD 1.1 million (2020: USD 0.7 million) relates to dilapidation costs that will be settled when the related leases are terminated, which is not expected to occur within the next 12 months.

Termination benefits
The termination benefits provision represents the benefits payable for the period with no future economic benefits to the Group. The carrying amount has been treated as a non-cash item in the cash flow statement and is expected to be fully utilized in 2022.

Onerous contracts
The onerous contracts provision represents net losses on contracts where expected benefits are lower than the unavoidable costs. The balance as at 1 January 2021 has been fully utilized in 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

23. Retirement benefit obligations

The Group has numerous defined contribution plans for its employees of which many are state-sponsored. The relevant contributions are charged to the profit or loss when incurred. No assets or liabilities are recognized in the Group's statement of financial position in respect of such plans, apart from prepayments and accruals not settled at the reporting date.

In certain countries, the Group has a legal obligation to make one-time payments to employees reaching retirement age or departing. Such gratuities are based on the amount of the employees' final salary and their length of service. With the exception of India, these plans are unfunded. These plans are categorized as defined benefit plans.

The Group also maintains two defined benefit plans in Switzerland representing the majority of the Group's total defined benefit obligation.

Swiss pension plans entitle retired employees to receive either a capital or an annual pension payment. Final benefit is based on retirement savings accumulated over the working life period of the employees. The plans are administrated by separate funds that are legally separated from the entity. Plans are funded through institutional investments.

Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans ('LPP'), which stipulates that pension plans are to be managed by independent and legally autonomous units. Plan participants are insured against the financial consequences of old age, disability and death. The various insurance benefits are governed in regulations, with the LPP specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension funds. In case the plan's statutory funding falls below a certain level, various measures can be taken such as an increase of the current contribution, lowering the interest rate on the retirement account balances or a reduction of the additional prospective benefits. The Group can also make additional restructuring contributions.

The Swiss pension plans are managed and administrated by collective semi-autonomous foundations established by one of the leading insurance companies for pension plans based in Switzerland. The Board of Trustees of each foundation is composed of equal numbers of employee and employer representatives.

One plan selected a foundation whereby the investment strategy and the appropriation of the return are delegated to the fund commission, which is composed of Temenos' representatives, and all within the framework set out by the LPP and the Board of Trustees. In this model, the plan directly bears the investment risk. The other plan follows a solution where the investment strategy and the allocation of return are established by the Trustees of the foundation. In this scheme, the investment risk, as well as the return, fall within all the affiliated participants of the foundation. In both plans the risk benefits of disability and death are fully insured by an insurance company.

As all the plans within the Group are not exposed to materially different risks, management has decided not to present additional disaggregation of the disclosures presented below unless explicitly required by IAS 19 'Employee Benefits'.

The amounts recognized in the statement of financial position at 31 December are as follows:

	2021 USD 000	2020 USD 000
Present value of funded obligations	58,312	52,501
Fair value of plan assets	(53,103)	(50,414)
Deficit of funded plans	5,209	2,087
Present value of unfunded obligations	8,613	7,721
Impact of asset ceiling	–	2,285
Net liability in the statement of financial position	13,822	12,093

The movement in the net defined benefit liability over the year is as follows:

	Present value of obligation USD 000	Fair value of plan assets USD 000	Total USD 000	Effect of asset ceiling USD 000	Total USD 000
Balance at 1 January 2021	60,222	(50,414)	9,808	2,285	12,093
Current service costs	3,378	–	3,378	–	3,378
Past service costs	63	–	63	–	63
Other costs	–	56	56	–	56
Interest expense/(income)	636	(424)	212	–	212
	4,077	(368)	3,709	–	3,709
Remeasurements (included in OCI):					
– Return on plan assets, excluding interest income	–	(5,400)	(5,400)	–	(5,400)
Actuarial loss (gain) from:					
– Demographic assumptions	1,266	–	1,266	–	1,266
– Financial assumptions	(603)	–	(603)	–	(603)
– Experience adjustments	9,011	–	9,011	–	9,011
– Change in asset ceiling	–	–	–	(2,190)	(2,190)
	9,674	(5,400)	4,274	(2,190)	2,084
– Exchange differences	(1,715)	1,546	(169)	(95)	(264)
Contributions:					
– Employers	–	(3,800)	(3,800)	–	(3,800)
– Plan participants	1,028	(1,028)	–	–	–
Payment from/to plans:					
– Benefit paid	(6,361)	6,361	–	–	–
	(7,048)	3,079	(3,969)	(95)	(4,064)
Balance at 31 December 2021	**66,925**	**(53,103)**	**13,822**	**–**	**13,822**
Balance at 1 January 2020	57,440	(46,904)	10,536	–	10,536
Current service costs	3,893	–	3,893	–	3,893
Past service costs	(1,168)	–	(1,168)	–	(1,168)
Other costs	–	50	50	–	50
Interest expense/(income)	774	(520)	254	–	254
	3,499	(470)	3,029	–	3,029
Remeasurements (included in OCI):					
– Return on plan assets, excluding interest income	–	(66)	(66)	–	(66)
Actuarial loss (gain) from:					
– Demographic assumptions	139	–	139	–	139
– Financial assumptions	(395)	–	(395)	–	(395)
– Experience adjustments	(502)	–	(502)	–	(502)
– Change in asset ceiling	–	–	–	2,266	2,266
	(758)	(66)	(824)	2,266	1,442
– Exchange differences	3,970	(3,734)	236	19	255
Contributions:					
– Employers	–	(2,014)	(2,014)	–	(2,014)
– Plan participants	1,189	(1,189)	–	–	–
Payment from/to plans:					
– Benefit paid	(5,118)	3,963	(1,155)	–	(1,155)
	41	(2,974)	(2,933)	19	(2,914)
Balance at 31 December 2020	60,222	(50,414)	9,808	2,285	12,093

The defined benefit obligation is calculated using the projected unit credit method. This reflects service rendered by employees to the date of valuation and incorporates actuarial assumptions primarily regarding discount rates and projected rates of remuneration growth. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or government bonds in countries where there is not a deep market in corporate bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

23. Retirement benefit obligations continued

Plan assets comprise:

	2021	2020
Equity securities:		
– Quoted	28%	29%
Fixed income securities:		
– Quoted	22%	25%
Real estate	24%	25%
Insurance contracts	14%	13%
Cash and cash equivalents	4%	4%
Other	8%	4%
	100%	100%

The governance of the plans annually performs an asset-liability assessment as well as a review of the investment strategies. The objectives are to select an appropriate asset allocation to match future cash outflows, to ensure an appropriate diversification of the invested assets as well as maximizing the return/risk profiles.

Actuarial assumptions:

These defined benefit plans expose the Group to actuarial risks, such as currency risk, interest rate risk, demographic risk and market risk (investment risk).

Actuarial assumptions are based on the requirement set out by IAS 19 'Employee Benefits'. They are unbiased and mutually compatible estimates of variables that determine the ultimate cost of providing post-employment benefits. They are based on market expectations at the reporting date for the period over which the obligations are to be settled. They are set on an annual basis by independent actuaries.

Actuarial assumptions consist of demographic assumptions such as employee turnover, disability, mortality and financial assumptions such as interest rates, salary growth and consumer price inflation. The actuarial assumptions vary based upon local economic and social conditions.

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021	2020
Discount rate	1.61%	1.14%
Future salary growth	2.40%	1.76%

Sensitivity analysis:

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

			2021
	Change in assumption	Increase USD 000	Decrease USD 000
Discount rate	50bps	(3,723)	4,159
Future salary growth	0.50%	921	(884)

			2020
	Change in assumption	Increase USD 000	Decrease USD 000
Discount rate	50bps	(3,148)	3,507
Future salary growth	0.50%	781	(744)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur since some of the assumptions are correlated. The sensitivity analysis has been calculated using the same methodology as applied when determining the pension liability in the statement of financial position.

Expected contributions to funded post-employment defined benefit plans for the year ending 31 December 2022 are USD 2.6 million.

Expected benefit payments paid directly by the Group in respect of unfunded post-employment defined benefit plans for the year ending 31 December 2022 are USD 1.1 million.

At 31 December 2021, the weighted-average duration of the defined benefit obligation was 12 years (2020: 11 years).

24. Share capital

As at 31 December 2021, the issued shares of Temenos AG comprised 74,742,268 ordinary shares with a nominal value of CHF 5 each. All issued shares are fully paid.

The changes in the number of issued and outstanding shares in the year ended 31 December 2021 are summarized below:

	Number
Total number of shares issued as at 31 December 2020	74,206,266
Treasury shares	(1,804,267)
Total number of shares outstanding as at 31 December 2020	72,401,999
Creation of new ordinary shares out of conditional capital for share-based payment transactions	536,002
Disposal of treasury shares for share-based payment transactions	–
Acquisition of treasury shares (share buyback)	(1,360,365)
Total number of shares outstanding as at 31 December 2021	**71,577,636**

As at 31 December 2021 the number of treasury shares held by the Group amounted to 3,164,632 (2020: 1,804,267).

Temenos AG also has conditional and authorized capital, comprising:

Authorized shares available until 20 May 2023	7,100,000
Conditional shares that may be issued on the exercise of share-based payment transactions	3,107,656
Conditional shares that may be issued in conjunction with financial instruments	6,607,904

25. Share premium and other reserves

	Share premium USD 000	Employee share options reserve USD 000	Discount on shares issued to employees USD 000	Negative premium arising on creation of Temenos Group AG USD 000	Total USD 000
Balance at 1 January 2020	513,524	284,237	(987,689)	(68,456)	(258,384)
Cost of share options (note 27)	–	6,325	–	–	6,325
Exercise of share-based payment transactions	236,134	–	(243,811)	–	(7,677)
Costs associated with equity transactions	(87)	–	–	–	(87)
Balance at 31 December 2020	749,571	290,562	(1,231,500)	(68,456)	(259,823)
Cost of share options (note 27)	–	44,855	–	–	44,855
Exercise of share-based payment transactions	77,999	–	(80,931)	–	(2,932)
Costs associated with equity transactions	(430)	–	–	–	(430)
Balance at 31 December 2021	**827,140**	**335,417**	**(1,312,431)**	**(68,456)**	**(218,330)**

Share premium

The share premium account comprises the following:

» Premium on issuance of new shares at a price above par value;
» The equity component determined at the issuance of the convertible bond in 2006 and the premium resulting from the early redemption which occurred in 2010;
» Expenses associated with equity transactions; and
» Gains or losses on the sale, issuance or cancellation of treasury shares.

Share options reserve

As detailed in note 27, the Group has issued instruments to employees. The fair value of these instruments are charged to the profit or loss over the period that the related service is received, with a corresponding credit made to the share options reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

25. Share premium and other reserves continued

Discount on shares issued to employees

As detailed in note 27, the Group has issued instruments to employees. When the instruments are exercised, the Group fulfills its obligations by issuing newly created shares out of conditional capital or by reissuing treasury shares purchased by the Group. To the extent that the consideration received by the Group in respect of these shares issued or reissued are less than their fair value at the time of exercise, this amount is allocated to discount on shares issued to employees reserve.

Negative premium arising on creation of Temenos AG

Temenos AG was incorporated on 7 June 2001. The issued and outstanding shares of Temenos Holdings Limited (previously known as Temenos Holdings NV) were exchanged shortly before the initial public offering for Temenos AG shares, thus rendering Temenos Holdings Limited a wholly owned subsidiary of Temenos AG. The number of shares acquired was 40,104,336, which prior to the exchange had a nominal value of USD 0.001 per share, totaling USD 0.04 million. The new shares in Temenos AG were issued at a nominal value of CHF 5 which resulted in a negative premium of USD 113.5 million. Expenses related to the initial public offering of Temenos AG and share premium items arising prior to the creation of Temenos AG were recorded against this account.

A deficit of USD 62,277 thousand was recorded to the share premium reserve on the cancellation of shares repurchased in 2000. This was transferred into 'negative premium arising on creation of Temenos AG' during the period ended 31 December 2001.

26. Other equity

	Cumulative translation adjustment USD 000	Costs of hedging reserve USD 000	Cash flow hedge reserve USD 000	Total USD 000
Balance at 1 January 2020	(141,594)	9	(2,157)	(143,742)
Foreign currency risk				
Currency translation differences	(35,892)	–	–	(35,892)
Transfer to profit or loss within 'Personnel costs'	–	–	(633)	(633)
Transfer to profit or loss within 'Software licensing revenue'	–	–	100	100
Transfer to 'Deferred revenues'	–	–	1,085	1,085
Transfer to profit or loss within 'Finance costs'	–	–	(305)	(305)
Changes in fair value of hedging instruments	–	(95)	(369)	(464)
Balance at 31 December 2020	(177,486)	(86)	(2,279)	(179,851)
Interest rate risk				
Changes in fair value of hedging instruments	–	–	466	466
Foreign currency risk				
Currency translation differences	(1,973)	–	–	(1,973)
Transfer to profit or loss within 'Personnel costs'	–	–	(2,644)	(2,644)
Transfer to profit or loss within 'Software licensing revenue'	–	–	81	81
Transfer to 'Deferred revenues'	–	–	(1,126)	(1,126)
Transfer to profit or loss within 'Finance costs'	–	–	(7,175)	(7,175)
Interest payment from cross currency swaps	(92)	–	–	(92)
Changes in fair value of hedging instruments	871	76	15,980	16,927
Balance at 31 December 2021	**(178,680)**	**(10)**	**3,303**	**(175,387)**

Cumulative translation reserve

It includes the foreign currency differences arising from the translation of foreign operations' financial statements into US dollars as well as the effective portion of the hedging instruments in a net investment hedge.

Costs of hedging reserve

It includes the fair value change of the time value of options and the currency basis spreads of cross currency swaps when they are separated from the designation of the hedging instrument.

Cash flow hedge reserve

It is used to recognize the effective portion of the cumulative gain or loss on the hedging instrument in a cash flow hedge relationship that is not yet recognized either in the profit or loss or as part of the carry amount of a non-financial asset or a non-financial liability.

27. Share-based payments

Share appreciation rights

Share appreciation rights ('SARs') are granted to executive Board members and selected employees. Share appreciation rights are conditional on the employee completing a specified period of service and are only exercisable if the Group achieves specified cumulative non-IFRS earnings per share, non-IFRS product revenues, bookings and free cash flow targets. In case of overachievement of targets, certain share appreciation right grants may be increased by a maximum of 75% of the original grant for the SARs issued in 2020 and 2021, a maximum of 40% for SARs issued prior. Two individuals have special plans that include higher overachievement potential for specific KPIs. The vesting period for unvested share appreciation rights is a minimum of three years and the share appreciation rights have a maximum contractual term of ten years. The Group has no legal or constructive obligation to repurchase or settle the share appreciation rights in cash.

A summary of the movement in the number of share appreciation rights outstanding and their related weighted average exercise prices are as follows:

	2021		2020	
	Number of rights	Weighted average exercise price	Number of rights	Weighted average exercise price
Outstanding at the beginning of the year	**4,204,443**	**$118.25**	5,577,715	$86.86
Granted during the year	**1,364,400**	**$144.68**	1,165,309	$161.95
Granted overachievement forfeited during the year	**(97,385)**	**$169.72**	–	–
Forfeited during the year	**(527,292)**	**$148.81**	(389,021)	$140.33
Exercised during the year	**(896,572)**	**$67.87**	(2,149,560)	$56.43
Outstanding at the end of the year	**4,047,594**		4,204,443	$118.25

1,042,329 of the outstanding share appreciation rights (2020: 1,242,001) were exercisable at the balance sheet date with a weighted average exercise price of USD 93.38 (2020: USD 55.41). The share appreciation rights exercised during the year had a weighted average share price at the time of exercise of USD 150.81 (2020: USD 165.00).

As described above, in case of overachievement of earnings per share targets, certain share appreciation rights granted in 2019 may be increased by a maximum of 40% of the original grant. However, the achievement for 31 December 2021 was less than target: 60% of the SARs vested on 14 February 2022. Therefore 97,385 SARs were forfeited. There are 3,005,265 remaining share appreciation rights (2020: 2,962,442) that may be subject to the overachievement provisions in the future with a weighted average exercise price of USD 148.24 (2020: USD 144.59).

Share appreciation rights outstanding at the end of the year have exercise prices and weighted average remaining contractual lives as follows:

2021 Exercise price	Number	Remaining contractual life (years)
$10-$19.99	**99,917**	**0.95**
$30-$39.99	**70,023**	**2.91**
$40-$49.99	**52,622**	**4.13**
$50-$59.99	**58,928**	**4.56**
$60-$69.99	**3,634**	**4.95**
$70-$79.99	**164,387**	**5.13**
$80-$89.99	**2,394**	**5.24**
$100-$109.99	**1,197**	**5.75**
$110-$119.99	**48,000**	**8.19**
$120-$129.99	**577,713**	**5.44**
$130-$139.99	**813,120**	**6.83**
$140-$149.99	**1,260,800**	**8.97**
$150-$159.99	**84,000**	**9.51**
$160-$169.99	**810,859**	**8.17**
	4,047,594	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

27. Share-based payments continued

Share appreciation rights continued

2020 Exercise price	Number	Remaining contractual life (years)
$10-$19.99	189,830	1.75
$20-$29.99	5,596	0.15
$30-$39.99	170,885	4.04
$40-$49.99	117,337	5.13
$50-$59.99	127,191	5.56
$60-$69.99	3,634	5.95
$70-$79.99	577,602	6.07
$80-$89.99	2,394	6.24
$100-$109.99	1,197	6.75
$110-$119.99	68,000	8.83
$120-$129.99	809,871	7.01
$130-$139.99	976,819	8.11
$140-$149.99	179,144	8.55
$150-$159.99	29,193	9.49
$160-$169.99	945,750	9.11
	4,204,443	7.26

Fair value of stock options and share appreciation rights

The fair value of options and share appreciation rights granted during the period is determined using an 'Enhanced American Pricing Model'.

The weighted average fair value of share appreciation rights granted during the period was USD 35.50 (2020: USD 37.65). The significant inputs into the model were: weighted average share price at grant date of USD 143.55 (2020: USD 161.93), weighted average exercise price of USD 143.53 (2020: USD 161.95), standard deviation of expected share price returns of 34% (2020: 31%), weighted average option lives of 3.54 years (2020: 3.50 years), weighted average annual risk-free interest rate of 0.56% (2020: 1.21%) and weighted average expected dividend yield of 0.73% (2020: 0.59%). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the relevant historical period.

Short-term incentive ('STI') share plan

	2021 Number of shares	2020 Number of shares
Outstanding at the beginning of the year	34,038	35,526
Granted during the year	290,660	36,805
Forfeited during the year	(9,574)	(6,306)
Transferred during the year	(33,748)	(31,987)
Outstanding at the end of the year	281,376	34,038

For the year ended 31 December 2021 a specific short-term incentive plan was in place for the Executive Chairman, Executive Committee and certain senior management. They were given specific bonus targets at the beginning of the year and offered a choice of receiving the final bonus fully in cash or 50% in cash and 50% in deferred shares with a 20% uplift. In 2021, 12,083 (2020: 4,265) deferred shares were committed under the scheme. Of these, 12 deferred shares vested on 1 March 2021 and 5,828 were forfeited due to employees leaving prior to vesting. Of the remaining 6,243, 236 deferred shares were forfeited following final results for the year ended 31 December 2021. Of the remaining 6,007 deferred shares, 669 deferred shares (2020: 52) will vest in March 2022 and 5,338 shares will vest in March 2023.

Other senior staff who fall under the Employee Short-Term Variable Plan are paid 50% of their bonus in cash and 50% in shares with a 20% uplift. In 2021 no deferred shares (2020: 32,498) were committed under this scheme for the bonus relating to the financial year 2020. The shares issued in 2020 vested on 1 March 2021.

278,577 shares have been granted to senior staff employees to recognize their continued contribution and loyalty to Temenos. These shares are divided into the following three parts which are independent of each other and vest as follows: one third of the award vests 12 months after grant date in 2022, a further third of the award vests in 2023 and the last third will vest in 2024.

Expense

The total expense recorded in the income statement in respect of share appreciation rights and the short-term incentive share plan is USD 44.9 million (2020: USD 6.3 million).

28. Dividend per share

Dividends are proposed by the Board of Directors and must be approved by the Annual General Meeting of the Shareholders. The dividend proposed for the 2021 financial year amounts to CHF 71.6 million (CHF 1 per share) and has not yet been recorded as a liability. This amount may vary depending on the number of shares outstanding as of the ex-dividend date.

A dividend of CHF 64.4 million (USD 71.4 million, CHF 0.90 per share) was paid in 2021 relating to the 2020 financial year.

29. Commitments and contingencies

The Group's principal contingent liabilities arise from property rental guarantees, performance guarantees and bid bonds issued in the normal course of business. The Group is also involved in various lawsuits, claims (including acceptance of mediation claims), investigations and proceedings incidental to the normal conduct of its operations. These matters also include any ongoing tax audits and assessments.

Although an estimate of the future financial effects cannot be reliably and precisely estimated at the reporting date, it is not anticipated that any material liabilities will arise from these contingent liabilities other than those provided for in note 22.

The Group has agreed a settlement of an ongoing contractual dispute highlighted in the last Annual Report, for a cash consideration of USD 3.7 million, to be paid in two equal installments in September 2021 and January 2022. The second installment to be paid in January 2022 has been recorded as a liability in the financial statements.

As at 31 December 2021, total guarantees in issue were USD 9.6 million (2020: USD 14.4 million).

30. Related party transactions and balances

See note 10 for remuneration of Executive and Non-Executive Directors. See note 27 for equity compensation for Executive and Non-Executive Directors granted in the form of options, SARs and shares.

There was no other significant transaction with related parties during the years ended 31 December 2021 and 31 December 2020.

31. Events after the reporting period

There are no reportable events that occurred after the reporting period.

REPORT OF THE STATUTORY AUDITOR

ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

Report of the statutory auditor to the General Meeting of Temenos AG, Geneva

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Temenos AG, which comprise the balance sheet as at 31 December 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2021 comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 14,500,000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as a benchmark to determine the overall materiality as we consider total assets to be the most appropriate measure for a holding company and is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 725,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
» Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
» Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yazen Jamjum | **Hamza Benhlal**
Audit expert
Auditor in charge

Geneva, 22 February 2022

pwc

UNCONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2021

	2021 CHF 000	2020 CHF 000
ASSETS		
Current assets		
Liquid funds	560	132
Receivables from other Group entities	18,446	11,411
Tax receivable	92	249
Prepayments	433	416
Total current assets	19,531	12,208
Non-current assets		
Long-term receivables from other Group entities	1,494,406	1,473,744
Investments in subsidiaries (note 2)	1,415,522	1,415,522
Other financial assets	18,626	–
Total non-current assets	2,928,554	2,889,266
Total assets	**2,948,085**	2,901,474
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade payables	1,315	45
Payables to other Group entities	182,704	110,848
Short-term interest-bearing liabilities (note 7)	179,394	4,426
Other liabilities	3,941	4,040
Tax payable	80	–
Total current liabilities	367,434	119,359
Non-current liabilities		
Long-term interest-bearing liabilities (note 7)	543,609	717,987
Long-term interest-bearing payables to other Group entities	114,642	113,664
Total non-current liabilities	658,251	831,651
Shareholders' equity		
Share capital (note 3)	373,711	371,031
Ordinary legal reserve (note 4)	50,966	50,603
Share premium (note 4)	804,011	732,422
General reserve from capital contributions (note 4)	–	21,600
Reserve for treasury shares (note 4)	358,135	231,656
Retained earnings (note 4)	399,437	564,872
Treasury shares (note 5)	(63,860)	(21,720)
Total shareholders' equity	1,922,400	1,950,464
Total shareholders' equity and liabilities	**2,948,085**	2,901,474

UNCONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	2021 CHF 000	2020 CHF 000
Income from investments in subsidiaries (note 8)	–	17,000
Financial income/(expense)	6,532	(7,058)
Expenses associated with the maintenance of the Register of Shareholders and other expenses	(4,405)	(5,345)
Profit before taxation	2,127	4,597
Taxation	164	332
Profit of the year	**2,291**	4,928

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

1. Legal status and principal activities

Temenos AG ('the Company') was incorporated in Glarus, Switzerland on 7 June 2001 as a stock corporation (Aktiengesellschaft). Since 26 June 2001, the shares of Temenos AG have been publicly traded on the SIX Swiss Exchange. The registered office is located at 2 Rue de L'Ecole-de-Chimie, 1205 Geneva, Switzerland.

Temenos AG is the ultimate holding company of the Group and is not otherwise engaged in trading, financing or investing activities, except as the holder of all the issued and outstanding shares of the subsidiaries described in note 2.

The financial statements of Temenos AG comply with the requirements of the Swiss Accounting Legislation (Title 32 of the Swiss Code of Obligations (SCO)).

Valuation principles

Assets are valued at no more than their acquisition cost.

Investments in subsidiaries are valued individually except when they are combined due to their similarity in terms of activities, financial interconnection or grouped as an economic unit for valuation purposes.

Treasury shares are valued at historical acquisition cost without subsequent valuation adjustment.

Upon disposal, the cost of treasury shares is determined using the FIFO method except if the specific identification method represents more faithfully the cost of the disposed shares. This would only be the case in limited circumstances where the disposed shares can be specifically identified (for example, if the shares are specifically purchased with the intention of being disposed of shortly thereafter). The resulting gains and losses on all disposals of treasury shares are recorded directly in equity.

Liabilities are valued at nominal value.

All assets and liabilities denominated in foreign currencies are translated according to the exchange rates applicable on the balance sheet date. Income and expenses denominated in foreign currencies and all foreign exchange transactions are translated at the exchange rates prevailing on their respective transaction dates. Resulting foreign exchange differences are recognized in the income statement, except unrealized gains that are deferred on balance sheet as per the Swiss Code of Obligations.

2. List of direct subsidiaries

The following are the direct subsidiaries of the Company, which are wholly owned unless otherwise indicated (percentage of voting rights).

	Voting rights
Temenos Holdings Limited, British Virgin Islands (holding company) 40,105 shares of a nominal value of USD 1 each.	100%
Temenos Headquarters SA, Switzerland (holding and licensing company) 1,000 shares of a nominal value of CHF 100 each.	100%
Temenos Investments BV, Netherlands (holding company) 180 shares of a nominal value of EUR 100 each.	100%
Temenos Egypt LLC, Egypt (operating company) 1 share of a nominal value of EGP 100.	50%
Temenos Luxembourg SA, Luxembourg (operating company) 47,250 shares of a nominal value of EUR 25 each.	100%
Temenos Finance Luxembourg SARL, Luxembourg (financing company) 37,500 shares of a nominal value of EUR 1 each.	100%
Temenos USA Inc., USA (operating company) 100 shares of a nominal value of USD 0.01 each.	100%
Temenos Panama SA, Panama (dormant company) 100 shares of a nominal value of USD 100 each.	100%

3. Share capital
As at 31 December 2021, the issued share capital amounts to CHF 371,711,340 and comprises 74,742,268 shares with a nominal value of CHF 5.

The shares issued by the Company during the year are set out below:

	2021		2020	
	Quantity	Value in CHF	Quantity	Value in CHF
Total number of Temenos AG shares issued, as at 1 January	74,206,266	371,031,330	72,757,466	363,787,330
Shares issued and allotted under Employee Share Option Schemes	536,002	2,680,010	1,448,800	7,244,000
Total number of Temenos AG shares issued, as at 31 December	74,742,268	373,711,340	74,206,266	371,031,330

Temenos AG also has conditional and authorized capital, comprising:

	2021
Authorized shares that may be issued in the context of acquisition or for the purpose of expanding the scope of shareholders in connection with the quotation of shares on national and foreign stock exchange (available to the Board until 20 May 2023)	7,100,000
Conditional shares that may be issued on the exercise of employee share options	3,107,656
Conditional shares that may be issued in conjunction with financial instruments	6,607,904

The holdings of more than 3% of the voting rights of all registered shares, as at 31 December 2021 are as follows:

	2021
Martin and Rosmarie Ebner	10.37%
BNP Paribas SA	8.61%
Baillie Gifford & Co	4.94%
BlackRock, Inc.	4.93%
UBS Fund Management (Switzerland) AG	3.09%
Comgest Global Investors, SAS	3.06%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

4. Share premium and capital reserves

	Share capital CHF 000	Ordinary legal reserve CHF 000	Share premium CHF 000	General reserve from capital contributions CHF 000	Reserve for treasury shares CHF 000	Retained earnings CHF 000	Treasury shares CHF 000	Total CHF 000
Balance at 1 January 2020	363,787	22,118	509,443	52,139	260,536	590,087	–	1,798,111
Appropriation of available earnings:								
– to General legal reserve	–	28,484	–	–	–	(28,484)	–	–
Repayment of 'General Reserve from Capital Contributions' and distribution of an ordinary dividend in cash as per 2020 Annual General Meeting ('AGM') resolution	–	–	–	(30,539)	–	(30,539)	–	(61,078)
Share capital and share premium on creation of conditional capital	7,244	–	222,979	–	–	–	–	230,223
Acquisition of treasury shares	–	–	–	–	–	–	(21,720)	(21,720)
Reserve for treasury shares movement of the year	–	–	–	–	(28,880)	28,880	–	–
Profit of the year	–	–	–	–	–	4,928	–	4,928
Balance at 31 December 2020	371,031	50,603	732,422	21,600	231,656	564,872	(21,720)	1,950,464
Appropriation of available earnings:								
– to General legal reserve	–	246	–	–	–	(246)	–	–
Repayment of 'General Reserve from Capital Contributions' and distribution of an ordinary dividend in cash as per 2021 Annual General Meeting ('AGM') resolution	–	117	–	(21,600)	–	(42,966)	–	(64,449)
Share capital and share premium on creation of conditional capital	2,680	–	71,589	–	–	–	–	74,269
Acquisition of treasury shares	–	–	–	–	–	–	(224,413)	(224,413)
Disposal of treasury shares	–	–	–	–	–	–	182,273	182,273
Gain from disposal of treasury shares	–	–	–	–	–	1,965	–	1,965
Reserve for treasury shares movement of the year	–	–	–	–	126,479	(126,479)	–	–
Profit of the year	–	–	–	–	–	2,291	–	2,291
Balance at 31 December 2021	**373,711**	**50,966**	**804,011**	**–**	**358,135**	**399,437**	**(63,860)**	**1,922,400**

The reserve for treasury shares decreased to CHF 358,134,688 in line with the value of treasury shares held by Temenos AG through a subsidiary as at 31 December 2021 (2020: CHF 231,656,155).

5. Treasury shares, including shares held by subsidiaries (carrying value)

Temenos AG holds directly or through a subsidiary a total of 3,164,632 shares at 31 December 2021 (2020: 1,804,267) that entirely may be used in conjunction with M&A, for resale or for allotting to members of the Temenos Employee Share Option Schemes.

	2021		2020	
	Quantity	Value in CHF 000	Quantity	Value in CHF 000
Temenos AG				
1 January	200,000	21,720	–	–
Acquisitions	1,760,365	224,413	200,000	21,720
Disposals	(1,360,365)	(182,273)	–	–
31 December	600,000	63,860	200,000	21,720
Other consolidated companies				
1 January	1,604,267	231,656	1,804,267	260,536
Acquisitions	1,360,365	184,239	–	–
Disposals	(400,000)	(57,760)	(200,000)	(28,880)
31 December	2,564,632	358,135	1,604,267	231,656
Total balance as of 31 December	**3,164,632**	**421,995**	1,804,267	253,376

6. Contingent liabilities

Together with several of its subsidiaries, Temenos AG is a guarantor under the Group facility agreement concluded by Temenos Finance Luxembourg Sarl as borrower, for a maximum total amount up to USD 660 million.

7. Bonds issued by Temenos AG

In June 2015, the Group issued a senior unsecured bond with a nominal value of CHF 175 million and a coupon rate of 2.00% paid annually on 17 June. The bond will mature on 17 June 2022 at a redemption price of 100% of the principal amount.

In April 2017, the Group issued a senior unsecured bond with a nominal value of CHF 150 million and a coupon rate of 1.75% paid annually on 5 April. The bond will mature on 5 April 2024 at a redemption price of 100% of the principal amount.

In November 2018, the Group issued a senior unsecured bond with a nominal value of CHF 175 million and a coupon rate of 1.875% paid annually on 30 November. The bond will mature on 30 November 2023 at a redemption price of 100% of the principal amount.

In November 2019, the Group issued a senior unsecured bond with a nominal value of CHF 220 million and a coupon rate of 1.50% paid annually on 28 November. The bond will mature on 28 November 2025 at a redemption price of 100% of the principal amount.

	2021 CHF 000	2020 CHF 000
Bond CHF 175,000,000 – 2.000% – 17 June 2015 – 17 June 2022	–	174,882
Bond CHF 150,000,000 – 1.750% – 5 April 2017 – 5 April 2024	149,754	149,642
Bond CHF 175,000,000 – 1.875% – 30 November 2018 – 30 November 2023	174,632	174,437
Bond CHF 220,000,000 – 1.500% – 28 November 2019 – 28 November 2025	219,223	219,026
Long-term interest-bearing liabilities	543,609	717,987
Bond CHF 175,000,000 – 2.000% – 17 June 2015 – 17 June 2022	174,968	–
Accrued bond interests at year end	4,426	4,426
Short-term interest-bearing liabilities	179,394	4,426
Total bonds issued by Temenos AG	**723,003**	722,413

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

8. Income from investments in subsidiaries

In 2020, Temenos AG recognized income from investments in subsidiaries of CHF 17 million following the decision of one of its direct subsidiaries to distribute a dividend in relation to the 2020 fiscal year. No dividend was recognized in 2021.

9. Proposal for the appropriation of available earnings

Based on the approved and audited financial statements for the financial year 2021, the Board of Directors proposes to the General Meeting to distribute an ordinary dividend in cash amounting to CHF 1.00 per share, for a total amount of CHF 71,600,000 (this amount may vary depending on the number of treasury shares and of shares created out of the conditional capital as of the ex-dividend date).

	2021 CHF 000	2020 CHF 000
General reserve from capital contributions		
Balance before distribution	–	21,600
Repayment of general reserve from capital contributions*	–	(21,483)
Allocation of the residual amount to general legal reserve	–	(117)
Balance after distribution	–	–

* 2020 comparative has been corrected from CHF 21,600,000 to CHF 21,483,071 to reflect the actual payment made in 2021. The dividend paid was CHF 0.90 per share as approved by the General Meeting. The difference is explained by the amount of treasury shares as of the ex-dividend date.

	2021 CHF 000	2020 CHF 000
Retained earnings		
Retained earnings carried forward	521,660	531,064
Net result for the year	2,291	4,928
Gain from disposal of treasury shares	1,965	–
Retained earnings available to the general meeting	525,916	535,992
Allocation to general legal reserve	(115)	(246)
(Allocation to)/Dissolution of reserve for treasury shares	(126,479)	28,880
Dividend distributed to shareholders	(71,600)	(42,966)
Retained earnings to be carried forward	327,723	521,660

Provided that the proposal of the Board of Directors is approved, the shares will be traded ex-dividend as of 30 May 2022 (Ex date). The dividend record date will be set on 31 May 2022 (Record date). The dividend will be payable as of 1 June 2022 (Payment date).

Temenos treasury shares are not entitled to dividends.

10. Number of full-time equivalent

Temenos AG does not have any employees as of 31 December 2021 and 2020 and consequently no pension liabilities.

11. Additional information, cash flow statement and management report

According to article 961d paragraph 1 of the Swiss Code of Obligations, additional information, the cash flow statement and the management report are not presented, as Temenos AG prepares the consolidated financial statements in accordance with a recognized financial reporting standard.

12. Significant events after the balance sheet date

These financial statements were approved for issue by the Board of Directors on 10 February 2022 and will be submitted to the Annual General Meeting of Shareholders for approval on 25 May 2022.

There were no other significant events after the balance sheet date.

13. Disclosure of compensation and participations as per article 663c of the Swiss Code of Obligations (SCO)

Non-Executive Directors

Name	Position	31 December 2021 Shares	31 December 2020 Shares
T. de Tersant	Vice-Chairman	**3,000**	3,000
H. Akbari[1]	Member	**100**	100
M. Carli	Member	**1,000**	1,000
I. Cookson	Member	**16,000**	15,500
E. Hansen	Member	**2,500**	2,500
P. Spenser[1]	Member	**950**	950
J. Benson[1]	Member	**360**	na

1 Dr. Akbari, Dr. Spenser and Mr. Benson held shares in the form of American depositary receipts ('ADRs').

Executive Chairman and Executive Committee members

		Shares			
Name	Position as at 31 December 2021	Number of shares 2021	Number of unvested RSUs 2021	Number of shares 2020	Number of unvested RSUs 2020
A. Andreades	Executive Chairman	**796,752**	**–**	896,752	–
M. Chuard	CEO	**75,000**	**3,636**	75,000	–
P. Spiliopoulos	CFO	**–**	**–**	–	–
M. Winterburn	CPTO	**3,975**	**–**	3,975	–
A. Guenoun	COO	**1,368**	**–**	1,368	–
C. Jarrett	CCO	**2,138**	**–**	800	–
P. Barnett	President of Strategic Growth	**3,000**	**–**	na	na
D. Dempsey	CLO	**2,086**	**1,138**	na	na
J.P. Mergeai	President International Sales	**7,898**	**–**	na	na
J. White	President of the Americas	**–**	**–**	na	na
M. Häring	CMO	**–**	**–**	na	na
J. Hilsenkopf	COO until 13 January 2021	**na**	**na**	16,301	–
M. Rancati	CHRO until 21 July 2021	**na**	**na**	–	–

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS continued

31 DECEMBER 2021

13. Disclosure of compensation and participations as per article 663c of the Swiss Code of Obligations (SCO) continued

SARs

Name	Position as at 31 December 2021	Grant year		Exercise price USD	Number of vested SARs 31 December 2021	Number of unvested SARs 31 December 2021	Number of vested SARs 31 December 2020	Number of unvested SARs 31 December 2020
A. Andreades	Executive Chairman	2018	2018 scheme[1]	127.00	135,203	–	–	155,450
		2019	2019 scheme[2]	136.94	–	138,600	–	138,600
		2020	2020 scheme	168.81	–	131,800	–	131,800
		2021	2021 scheme	143.54	–	144,700	–	–
M. Chuard	CEO	2017	2017 scheme	70.87	–	–	304,454	–
		2018	2018 scheme[1]	127.00	117,793	–	–	135,430
		2019	2019 scheme[2]	136.94	–	168,085	–	168,085
		2020	2020 scheme	168.81	–	159,850	–	159,850
		2021	2021 scheme	143.54	–	175,500	–	–
P. Spiliopoulos	CFO	2019	2019 scheme[2]	147.43	–	70,000	–	70,000
		2020	2020 scheme	168.81	–	72,000	–	72,000
		2021	2021 scheme	143.54	–	79,000	–	–
P. Barnett[3]	President Strategic Growth	2021	2021 scheme	143.54	–	15,000	na	na
D. Dempsey[3]	CLO	2021	2021 scheme	143.54	–	15,000	na	na
A. Guenoun[3]	COO	2019	2019 scheme[2]	136.94	–	37,000	–	37,000
		2020	2020 scheme	168.81	–	50,000	–	50,000
		2021	2021 scheme	143.54	–	79,800	–	–
M. Häring	CMO	2021	2021 scheme	160.20	–	37,500	na	na
C. Jarrett[3]	CCO	2020	2020 scheme	168.81	–	25,000	–	25,000
		2021	2021 scheme	143.54	–	15,000	–	–
J.P. Mergeai[3]	President International Sales	2021	2021 scheme	143.54	–	53,000	na	na
				156.81	–	5,000	na	na
J. White	President of the Americas	2021	2021 scheme	143.54	–	43,100	na	na
M. Winterburn	CPTO	2017	2017 scheme	70.87	–	–	20,000	–
		2018	2018 scheme[1]	127.00	30,000	–	–	37,000
		2019	2019 scheme[2]	136.94	–	41,000	–	41,000
		2020	2020 scheme	168.81	–	55,000	–	55,000
		2021	2021 scheme	143.54	–	55,000	–	–
J. Hilsenkopf[3,4]	COO (until 13 January 2021)	2018	2018 scheme[1]	70.87	na	na	–	92,000
		2019	2019 scheme[2]	136.94	na	na	–	98,400
		2020	2020 scheme	168.81	na	na	–	93,600
M. Rancati[5]	CHRO (until 21 July 2021)	2020	2020 scheme	158.36	na	na	–	8,693

1 The SARs granted under the 2018 scheme vested on 17 February 2021. The final vesting was at 87%. The reduction of 13% was reflected in 2021.
2 The SARs granted under the 2019 scheme vested on 14 February 2022. The final vesting was at 60%. The numbers above will be reduced by 40% in 2022.
3 The SARs shown above only include outstanding SARs granted since appointment to the Executive Committee.
4 Mr. Hilsenkopf resigned from the Executive Committee on 13 January 2021. He was eligible for the SARs from the 2019 scheme on a pro rata basis based on performance achievement and the SARs from the 2020 scheme were forfeited.
5 Ms. Rancati resigned from the Executive Committee on 21 July 2021 and the SARs from the 2020 and 2021 schemes were forfeited.

No options and/or shares were held on 31 December 2021 and 2020 by persons related to the members of the Board of Directors or the Executive Committee.

FINANCIAL HIGHLIGHTS

(IN MILLIONS OF US DOLLARS EXCEPT EARNINGS PER SHARE)

	2021	2020	2019	2018	2017
Revenues	**967.0**	887.4	972.0	840.9	735.4
Operating expenses	**(728.9)**	(653.8)	(736.6)	(622.1)	(557.1)
Operating profit	**238.1**	233.6	235.4	218.8	178.3
Profit before taxation	**211.5**	204.2	212.6	195.4	160.9
Net profit after tax	**173.4**	175.0	181.1	168.2	138.4
EBITDA	**382.1**	382.6	366.0	311.5	263.3
Diluted earnings per share (in US$)	**2.40**	2.39	2.46	2.31	1.90
Cash generated from operations	**473.0**	406.2	364.3	365.1	299.7
Current assets	**478.6**	446.3	552.6	577.2	430.5
Non-current assets	**1,755.5**	1,769.4	1,779.0	1,072.0	844.8
Total assets	**2,234.1**	2,215.7	2,331.7	1,649.2	1,275.3
Current liabilities (excluding deferred revenues)	**501.2**	247.2	396.1	314.7	177.8
Deferred revenues*	**371.6**	324.1	287.4	262.5	232.5
Total current liabilities	**872.8**	571.3	683.5	577.2	410.3
Non-current liabilities (excluding deferred revenues)	**860.4**	1,088.3	1,203.1	773.2	485.4
Deferred revenues*	**26.1**	32.7	–	–	–
Total non-current liabilities	**886.5**	1,121.0	1,203.1	773.2	485.4
Total liabilities	**1,759.3**	1,692.3	1,886.6	1,350.4	895.8
Total equity	**474.8**	523.4	445.1	298.8	379.5
Total equity and liabilities	**2,234.1**	2,215.7	2,331.7	1,649.2	1,275.3

* 2020 comparative information on the statement of financial position has been restated.

INFORMATION FOR INVESTORS

Capital structure
The registered share capital is divided into 74,742,268 shares with a par value of CHF 5.

Appropriation of profits
Temenos expects to pay a dividend of CHF 1.00 in 2022.

Register of shareholders
areg.ch ag
Fabrikstrasse 10
4614 Hägendorf
Switzerland
www.areg.ch

Investor relations
Adam Snyder
Head of Investor Relations

Panagiotis "Takis" Spiliopoulos
Chief Financial Officer

2, Rue de l'Ecole-de-Chimie
1205 Geneva
Switzerland

Phone: +41 (0) 22 708 1150
Email: TemenosIR@temenos.com

Annual general meeting
25 May 2022

Statistics on Temenos shares

Registered shares of CHF 5 nominal	2021
Sector	Technology/Software
Market Segment	SIX Main Market
Index Member	SMIM/SPI/SLI
Swiss Security No	124 5391
ISIN No	CH0012453913
Symbol	TEMN
Number of issued shares at 31.12.2021	74,742,268
Number of registered shares at 31.12.2021	74,206,266
Market price high/low (CHF)	152.70/104.95
Market Price 31.12.2020 (CHF)	123.65
Market Price 31.12.2021 (CHF)	126.05
Market Capitalization high/low (CHFbn)*	11.331/7.788
Share capital nominal value at 31.12.2021 (CHFm)*	371

* Based on the number of registered shares at the time.

Key figures per share	2021
Basic earnings per share (USD)	2.42
Diluted earnings per share (USD)	2.40
Non-IFRS earnings per share (USD)	3.80
Consolidated shareholders' equity (USDm)	474.8
Consolidated shareholders' equity per share (USD)	6.35

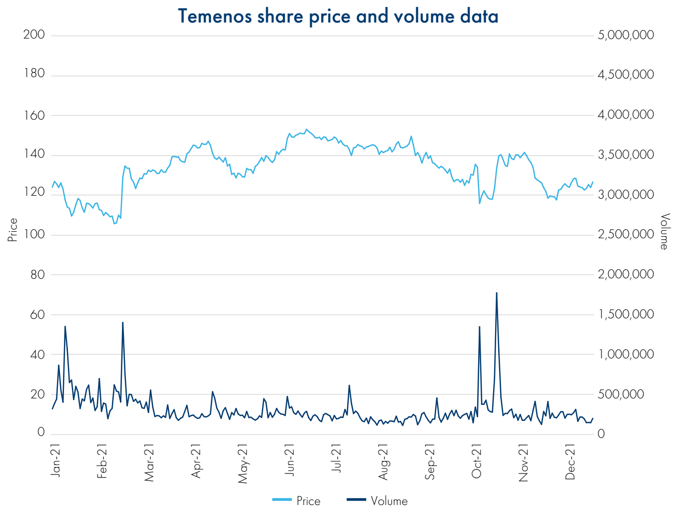
Major shareholders of Temenos AG* (as of 22.03.2022)

Name	Number of voting rights	Percentage of the share capital
Martin and Rosmarie Ebner	7,695,000	10.30%
BNP Paribas SA	6,388,194	8.55%
Baillie Gifford & Co	3,663,065	4.90%
BlackRock Inc.	3,847,104	5.15%
UBS Fund Management (Switzerland) AG	2,292,935	3.07%

* On the basis of Temenos AG registered capital of 74,742,268 shares and based on the disclosure notifications received (excluding Temenos treasury shares).

Please refer to page 128 for the status as of 31.12.2021

Development of Temenos share price



TEMENOS WORLD OFFICES

The following list is as of March 2022.
For any updated information please visit our website:
www.temenos.com/contact-us

Americas

Brazil

São Paulo
Temenos Software Brasil Ltda
Av. Brig Faria Lima, 3144 – 3ro Andar
São Paulo, SP 01451-001
Brazil
Tel: +55 11 3568 2549

Canada

Toronto
Temenos Canada Inc.
2425 Matheson Boulevard East
Suite 400
Mississauga, ON L4W 5K4
Canada
Tel: +1 905 214 7600

Vancouver
Temenos Canada Inc.
13450 102nd Avenue
Suite 1170
Surrey, BC V3T5X3
Canada
Tel: +1 604 501 0331

Colombia

Bogotá
Temenos Colombia S.A.S.
Regus Parque 93
Calle 93 A #13-24, 5° Piso
Edificio QBO
Bogotá, D.C. CP: 110221
Colombia
Tel: +57 1 667 2500

Costa Rica

San José
Temenos Costa Rica S.A.
Sabana Norte
Avenida 5, calle 42 y 44
Edificio Grupo Nueva, Segundo Piso
San José 10108
Costa Rica
Tel: +506 2543 1200

Ecuador

Quito
Temenos Ecuador S.A.
Edificio Orellana 500 Pisos 6 y 7
Avenida Orellana E4-430 (1349)
y Avenida Amazonas
Benalcázar, Quito
Ecuador
Tel: +593 2 400 8400

Mexico

Mexico City
Temenos Mexico S.A. de C.V.
Paseo de la Reforma No.505
Piso 15 Suite 15D
Colonia Cuauhtémoc
Alcaldía Cuauhtémoc
Ciudad de México, 06500
México
Tel: +52 55 3601 4400

USA

Austin
Kony, Inc.
5301 Southwest Parkway
Suite 250
Austin, TX 78735
USA
Tel: +1 512 792 2900

Boston
Temenos U.S.A., Inc.
100 High Street
Suite 1504
Boston, MA 02110
USA
Tel: +1 610 232 2800

Denver
Avoka (USA), Inc.
385 Interlocken Crescent
Suite 1050
Broomfield, CO 80021
USA
Tel: +1 303 847 0900

Miami
Temenos U.S.A., Inc.
200 South Biscayne Boulevard
Suite 2820
Miami, FL 33131
USA
Tel: +1 305 704 5100

New York
Temenos U.S.A., Inc.
230 Park Avenue
Suite 1550
New York, NY 10169
USA
Tel: +1 646 440 5002

Newark
Temenos U.S.A., Inc.
101 Crawfords Corner Road
Suite 3131
Holmdel, NJ 07733
USA
Tel: +1 610 232 2800

Orlando
Temenos U.S.A., Inc.
300 Primera Boulevard
Suite 444
Lake Mary, FL 32746
USA
Tel: +1 407 732 5200

Philadelphia
Temenos U.S.A., Inc.
40 General Warren Boulevard
Suite 160
Malvern, PA 19355
USA
Tel: +1 610 232 2800

TEMENOS WORLD OFFICES continued

Middle East/Africa

Egypt

Cairo

Temenos Egypt LLC
Office Number L4 –D26 (L4-409)
Properties numbers (423, 422)
located in the third sector
Fifth Compound
Street 90 North – New Cairo
Trivium Business Complex project
Cairo
Egypt
Tel: +2 02 2306 7356

Israel

Tel Aviv

Temenos Israel Ltd
Rothschild Boulevard 22
11th Floor
Tel Aviv 6688218
Israel
Tel: +972 732 844 500

Kenya

Nairobi

Temenos East Africa Ltd
Kofisi 9, 7th Floor
9 West, Parklands Road
Westlands
Nairobi 00623
Kenya
Tel: +254 703 041 760
+254 20 367 3760

Lebanon

Beirut

Temenos Middle East Ltd
(Lebanon Branch)
Monte Libano Center, 11th Floor
Jdeidet El Metn
Beirut
Lebanon
Tel: +961 3 876 287

Saudi Arabia

Riyadh

Temenos Middle East Ltd
(Saudi Arabia Branch)
Office No. 203
Cerecon Building no. 12
Olaya Street, P.O. Box 250821
Riyadh 11391
Kingdom of Saudi Arabia
Tel: +966 11 215 0511
+966 566 49 7339

Morocco

Casablanca

Temenos North Africa L.L.C.
Twin Center, Tour Ouest, 6th floor
20100, Casablanca
Morocco
Tel: +212 520 505 604

South Africa

Johannesburg

Temenos Africa (Pty) Ltd
1st Floor, Building A, Suite 3
Monte Circle Office Park
64 Monte Casino Boulevard
Fourways, Gauteng
2191 Johannesburg
Republic of South Africa
Tel: +27 11 513 3141

United Arab Emirates

Dubai

Temenos Middle East Ltd
(UAE Branch)
Dubai Internet City
LULU HOLDING Building, EIB-03
Office # G-01-04
P.O. Box 500060
Dubai
United Arab Emirates
Tel: +971 4 391 3100
+971 50 4502 422

Europe

Belgium

La Hulpe

Temenos Belgium S.A.
Odyssey Financial Technologies S.A.
Parc du Nysdam
Avenue Reine Astrid 92
1310 La Hulpe
Belgium
Tel: +32 2 725 25 99

Denmark

Copenhagen

Temenos Denmark ApS
Vibenshus Lyngbyvej 2
Bygning 2, 1 sal
2100 København Ø
Denmark
Tel: +45 89 88 13 21

France

Nantes

Viveo France S.A.S.
B'CoWorker Nantes
1-3 rue Jacques Daguerre
44300 Nantes
France
Tel: +33 1 44 09 55 00

Paris

Temenos France S.A.S.
Viveo France S.A.S.
112 Avenue Kléber
75116 Paris
France
Tel: +33 1 44 09 55 00

Germany

Frankfurt am Main

Temenos Deutschland GmbH
Walther-von-Cronberg-Platz 2, Colosseo
60594 Frankfurt am Main
Germany
Tel: +49 69 665 37 0

Grosswallstadt

Temenos Deutschland GmbH
Einsteinstrasse 2a
63868 Grosswallstadt
Germany
Tel: +49 69 665 37 0

Greece

Athens

Temenos Hellas S.A.
24B, Kifissias Avenue
Maroussi
151 25 Athens
Greece
Tel: +30 211 1094 600/601/603

Ireland

Dublin

Igefi Ireland Ltd
No. 2 Custom House Plaza, Level 1
Harbourmaster Place
Dublin 1
Ireland
Tel: +353 1 518 7400

Luxembourg

Luxembourg

Temenos Luxembourg S.A.
Temenos Software Luxembourg S.A.
Igefi Group S.à r.l.
21 rue du Puits Romain
L-8070 Bertrange
Luxembourg
Tel: +352 42 60 801

Netherlands
Amsterdam
Temenos Holland B.V.
'World Trade Center', Tower B, Level 10
Strawinskylaan 1035
1077 XX Amsterdam
The Netherlands
Tel: +352 42 60 801

Poland
Krakow
Temenos Polska Sp. z o. o.
Al. Bora-Komorowskiego 25C
31-476 Kraków
Poland
Tel: +48 12 3966 223

Romania
Bucharest
Temenos Romania S.R.L.
319G Splaiul Independentei, Atrium House
Ground Floor, 2nd Floor and 3rd Floor
6th District,
Bucharest, 060044
Romania
Tel: +40 31 710 22 64

Russia
Moscow
Temenos Middle East Ltd
(Russia Branch)
2nd floor, 5 Sretenskiy Blvd
Moscow 107045
Russian Federation
Tel: + 7 926 296 77 70

Spain
Madrid
Temenos Hispania S.L.
Paseo de la Castellana 79
8th floor
28046 Madrid
Spain
Tel: +34 91 343 20 99

Switzerland
Geneva
Temenos Headquarters S.A.
2 rue de l'Ecole-de-Chimie
1205 Geneva
Switzerland
Tel: +41 22 708 11 50

Lausanne
Temenos Software Luxembourg S.A.
(Renens Branch)
Avenue des Baumettes 23
1020 Renens
Switzerland
Tel: +41 21 310 00 00

Zürich
Temenos Headquarters S.A.
Uetlibergstrasse 132
10th floor
8045 Zürich
Switzerland
Tel: +41 22 708 11 50

United Kingdom
Reading
Temenos UK Ltd
3 Waterside Drive
Arlington Business Park
Theale Reading, RG7 4SW
United Kingdom
Tel: +44 1184 021 336
+44 2074 233 700

Hemel Hempstead
Temenos UK Ltd
4th Floor, The Maylands Building
Maylands Avenue
Hemel Hempstead, HP2 7TG
United Kingdom
Tel: +44 2074 233 700

London
Temenos UK Ltd
71 Fenchurch Street, 5th floor
London, EC3M 4TD
United Kingdom
Tel: +44 2074 233 700

Asia Pacific
Australia
Canberra
Avoka Technologies Pty Ltd
Suite 3.01, Level 3, 64 Northbourne Avenue
Canberra ACT 2600
Australia
Tel: +61 2 6257 9377

Melbourne
Temenos Australia Financial Pty Ltd
Office 317-319, Level 3 – Spaces Two Melbourne,
Quarter, 697 Collins Street
Docklands, Victoria 3008
Australia
Tel: +61 2 9488 4000

Sydney
Temenos Australia Financial Pty Ltd
Level 10, 85 Castlereagh Street
Sydney, NSW 2000
Australia
Tel: +61 2 9488 4000

Sydney
Avoka Technologies Pty Ltd
Level 2, 1a Rialto Lane
Manly, NSW 2095
Australia
Tel: +61 2 9976 4500

China
Shanghai
Temenos Software (Shanghai) Co. Ltd
Yue Xiu Tower, 10th floor, Room 1008
No. 388, Fushan Road
Pudong New District
Shanghai, 200122
China
Tel: +86 21 6087 1380

Hong Kong
Temenos Hong Kong Ltd
Unit No. 5504, 55th Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
China
Tel: +852 2866 2562

TEMENOS WORLD OFFICES continued

India

Bangalore
Temenos India Private Ltd
(Bangalore Branch)
IBC Knowledge Park
Block C & D, 3rd, 10th & 11th Floor
4/1, Bannergatta Road
Near Dairy circle
Bangalore – 560 029
India
Tel: +91 80 4137 6000/6010/6011

Chennai
Temenos India Private Ltd
146, Sterling Road
Nungambakkam
Chennai – 600 034
India
Tel: + 91 44 7133 1000
+ 91 44 6623 1000

Chennai
Temenos India Private Ltd
(Perungudi Branch)
KG 360° – IT Business Park;
1st, 2nd, 4th, 5th and 6th Floor
No 232/1
Dr. MGR Salai
Perungudi
Chennai – 600 096
India
Tel: +91 44 7133 3000
+91 44 6623 3000

Hyderabad
Kony India Private Ltd
SEZ Unit II, Level 7, Building No. H06,
Phoenix Infocity Pvt Ltd (SEZ)
Hitech City 2
Madhapur
Hyderabad – 500 081
India
Tel: + 91 40 4499 1000

Hyderabad
Kony India Private Ltd
9th Floor B 6-South Tower, Divyasree Orion
(Divyasree NSL Infrastructure Pvt Ltd)
Sy No 66/1, Raidurgam, Serilingampally Mandal
Rangareddy District
Hyderabad – 500 032
India
Tel: +91 40 4499 8100

Mumbai
Temenos India Private Ltd
(Mumbai Branch)
123, Hubtown Solaris,
N S Phadke Marg, Andheri East
Mumbai – 400 069
India
Tel: +91 22 2682 0542

Indonesia

Jakarta
Temenos Singapore Pte Ltd
(Indonesia Representative Office)
Indonesia Stock Exchange Tower 1
15th Floor, Suite 1507
Jl.Jend Sudirman kav 52-53
Jakarta 12190
Indonesia
Tel: +62 21 5140 0382

Japan

Tokyo
Temenos Japan K.K.
21F Marunouchi Nijyubashi Building
3-2-3 Marunouchi, Chiyoda-ku
Tokyo 100-0005
Japan
Tel: +81 3 5219 0655

Philippines

Manila
Temenos Philippines Inc.
27th floor
Tower 2, Room 2715, The Enterprise Centre
6766 Ayala Avenue corner Paseo de Roxas
Makati City 1226
Philippines
Tel: +63 2 885 8441

Singapore

Singapore
Temenos Singapore Pte Ltd
5 Shenton Way
#18-01 UIC Building
Singapore 068808
Singapore
Tel: +65 6511 6388

Taiwan

Taipei
Temenos Singapore Pte Ltd
(Taiwan Branch)
A2, 38F, No. 68, Sec. 5, Zhongxiao E. Rd.
Cathay Landmark Building
Xinyi District, 11065
Taipei
Taiwan
Tel: +886 2 2723 3568

Thailand

Bangkok
Temenos (Thailand) Co. Ltd
319 Chamchuri Square Building
24th Floor, Unit no. 85
Phyathai Road, Pathumwan
Bangkok 10330
Thailand
Tel: + 662 007 2131 2

Vietnam

Hanoi
Temenos Vietnam Company Ltd
9th Floor, Vinaconex Tower
34 Lang Ha Street
Dong Da District, Hanoi City
Vietnam
Tel: +844 3772 4328/4327/4326

SOURCES

1 Gartner, 'Magic Quadrant for Global Retail Core Banking', Vittorio D'Orazio, Don Free, February 2022. (This report was previously titled "Magic Quadrant for International Retail Core Banking" from 2009-2014. Temenos was recognized as Temenos Group from 2010-2013, and Temenos Group (T24) in 2009.)

Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. GARTNER and Magic Quadrant are registered trademarks of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved. GARTNER and Magic Quadrant are registered trademarks of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

2. 'The Forrester Wave'™: Digital Banking Processing Platforms (Retail Banking), Q3 2020', Jost Hoppermann, July 2020 and 'The Forrester Wave'™: Digital Banking Processing Platforms (Corporate Banking), Q3 2020', Jost Hoppermann, July 2020. 'The Forrester Wave'™: Digital Banking Engagement Platforms, Q3 2021', Jost Hoppermann, September 2021 and The Forrester Wave'™: Digital Banking Engagement Hubs, Q3 2021', Jost Hoppermann, September 2021. 'Forrester's Global Banking Platform Deals Survey 2021', Forrester, Jost Hoppermann, May 2021.

3. 'Omdia Universe: Selecting a Digital Banking Platform, 2020-21, Omdia (formerly Ovum), Philip Benton, November 2020 and 'Ovum Decision Matrix: Selecting a Core Banking System in the European Market, 2016-17', Ovum, Noora Haapajarvi, March 2016. 'Ovum Decision Matrix: Selecting an Anti-Financial Crime Solution 2017-18', Ovum, Matthew Heaslip, December 2017.

4. 'Annual Sales League Table 2021'. IBS Intelligence, June 2021.

5. Celent Model Bank 2021 – Varo Bank: Celent Model Bank of the Year 2021, Celent, Daniel Latimore, March 2021.

Celent Model Bank 2020 Banking in the Cloud Award: 'EQ Bank: EQ Bank to the Cloud!', Celent, Craig Focardi and Stephen Greer, April 2020.

6. 'IDC MarketScape: Worldwide Integrated Payment Systems 2019 Vendor Assessment', IDC, Aaron Press, February 2020. 'IDC MarketScape: North America Digital Banking Customer Experience Platforms 2019 Vendor Assessment'. 'IDC MarketScape: Worldwide Know-Your-Customer Solutions in Financial Services 2018 Vendor Assessment', IDC, Stephen D'Alfonso, Karen Massey, September 2018 and 'IDC MarketScape: Worldwide Anti-Money Laundering Solutions in Financial Services 2018 Vendor Assessment', IDC, Karen Massey, Stephen D'Alfonso, September 2018. 'IDC MarketScape: Worldwide Core Banking Solutions 2015 Vendor Assessment', IDC, Karen Massey, Andrei Charniauski, Michael Araneta, Jerry Silva, January 2015, 'Worldwide Wealth Management Front-and Middle-Office Solutions 2014 Vendor Assessment, IDC, Thomas Zink, January 2015 and 'IDC MarketScape: European Mobile Banking Software Solutions 2017 Vendor Assessment', IDC, Lawrence Freeborn, May 2017.

7. Private Banking & Wealth Management Awards 2019, December 2019.

8. Aite Group, Aite Matrix Evaluation: Investment and Fund Accounting Systems, April 2020; Aite Group, Aite Matrix Evaluation: US Digital Banking Providers of Core Vendors, September 2021.

9. ACV: Annual value of incremental business taken in-year (Bookings). Includes New Customers, up-sell/cross-sell. Only includes the recurring element of the contract and exclude variable elements.

Temenos Headquarters SA

Rue de L'Ecole-de-Chimie 2
CH-1205 Geneva
Switzerland
Tel: +41 22 708 1150
www.temenos.com