



Invitation to the 13th Ordinary General Meeting of Shareholders of Temenos Group AG

13th Ordinary General Meeting to be held on Wednesday, 28 May 2014,
at 11.30 a.m. (doors open at 11.00 a.m.) at Temenos offices, 2 rue de
l'Ecole-de-Chimie, 1205 Geneva, Switzerland





Chairman's Letter

Dear Shareholders

It is my pleasure to invite you to the 13th annual shareholders' meeting of Temenos. Before turning our attention to the matters for consideration at this upcoming shareholders meeting, I would first like to acknowledge the strength of Temenos' performance in 2013 which gives me such great confidence in our ability to capture the immense opportunity that lies ahead of us.

Thoughts on our performance in 2013

In 2013, we celebrated Temenos' 20th anniversary, and it has been a truly inspiring year for all of us within the company. After a challenging 2012, we continued to focus on the things that have delivered so much success over the years. In 2013, Temenos led the banking software market by exploiting the inherent strengths of its business. In doing so, we signed more deals than any of our competitors, continuing to take market share and extend our leadership. This was confirmed by both Forrester Research and IBS Intelligence, as we provided our new and existing customers with more award-winning products and delivered even greater customer success, both through our own services organisation and through our partners. This is something that we have sustained for the past 15 years, evidence of the endurance of our business model.

We continued to invest aggressively in our products. 2013 saw the launch of a payments hub, the Temenos Payment Suite, which opens up an addressable market as large as the core banking market. We also launched our channels solution, Temenos Connect, based on our award winning user-experience platform, as well as integrating our wealth products to deliver seamless progressive renovation to banks the world over. In core banking we continued to make huge advancements in technology, including innovations that allow our customers to integrate T24 into their systems at a fraction of both the usual cost and time, providing them with a competitive advantage in this highly competitive world.

The 13th Ordinary General Meeting of Shareholders

At our upcoming meeting we will have the opportunity to thank Mr. Chris Pavlou, our Vice Chairman, who after 12 years of loyal service to Temenos, will not be standing for re-election for a further term. I would like to take this opportunity to extend my personal thanks to Chris who has been instrumental in the success of Temenos through its entire life as a public company. At the same time, we will have the opportunity to welcome Ms. Amy Yip who is being proposed as a member of the Board of Directors. Amy has over 35 years of experience in global financial markets covering a wide spectrum of the industry. I am sure that the depth of Amy's experience will prove highly valuable to the Board and will be a powerful representation of Asia, a key growth market, when discussing the future of Temenos.

As many of you are aware, the Ordinance against excessive compensation in listed stock companies came into effect in Switzerland from the start of 2014. The amendments and new provisions in the Articles that you will vote on at this upcoming meeting implement the new legal requirements, notably with regard to proxy voting, elections of Board of Directors and Compensation Committee members, powers of the compensation committee, remuneration of both the Board of Directors and executive management and limitations on external mandates. Temenos shareholders shall vote on the remuneration of the Board of Directors and of the executive management as from the 2015 General Meeting. You will find these amendments and new provisions in the Annex to this invitation.

Final thoughts

The opportunity that lies ahead of Temenos is immense, whether looking at our traditional core banking market, analytics, channels, private wealth or payments and our focus is on enabling Temenos to achieve its full potential. We will always invest for the long term in order to continue to excite our banking customers with superb products, our people with more opportunities, and our shareholders with increased shareholder value.

I look forward to seeing as many of you as possible in Geneva on 28 May 2014.

A handwritten signature in black ink, appearing to read 'Andreas', written over a horizontal line.

Andreas Andreades
Chairman

Agenda and Proposals of the Board of Directors

1. 2013 Annual Report, 2013 annual financial statements (including the compensation report), 2013 consolidated financial statements and the auditors' reports

Proposal

The Board of Directors proposes that the 2013 Annual Report, the 2013 unconsolidated financial statements (including the compensation report) stating a profit for the year of CHF 405,615 and the 2013 consolidated financial statements stating a consolidated profit for the year of USD 68,215,000 be approved.

2. Allocation of the available earnings

Proposal

The Board of Directors proposes to allocate the available earnings of CHF 161,377,562 as follows:

Appropriation to general legal reserve	CHF	20,281
Retained earnings to be carried forward	CHF	161,357,281

Explanation

As per Swiss law, 5% of the profit for the current year must be allocated to the general legal reserve until its carrying amount is equal to 20% of the paid-up share capital. The remainder of the profit for the current year is transferred to accumulated retained earnings.

3. Distribution of general reserve from capital contributions

Proposal

Based on the audited financial statements for the financial year 2013, the Board of Directors proposes to distribute an ordinary dividend in cash amounting to CHF 0.35 per share, for a total amount of CHF 23,691,054 (this amount may vary depending on the amount of treasury shares as of the ex-dividend date).

This distribution shall be declared out of the disposable amount of the general reserve from capital contributions as at 31 December 2013 taking the legal form of an ordinary dividend in cash. From a tax standpoint, this ordinary dividend constitutes a repayment of part of the general reserve from capital contributions.

As a result, the general reserve from capital contributions at 31 December 2013, amounting to CHF 196,837,276, will be reduced as follows:

General reserve from capital contributions (at the disposal of the General Meeting)	CHF	196,837,276
Distribution of general reserve from capital contributions	CHF	23,691,054
Carry forward the balance of	CHF	173,146,222

Provided that the proposal of the Board of Directors is approved, the last trading day with entitlement to receive the dividend will be 30 May 2014.

The shares will be traded ex-dividend as of 2 June 2014 (Ex date). The dividend record date will be set on 4 June 2014 (Record date). The dividend will be payable as of 5 June 2014 (Payment date).

Temenos treasury shares are not entitled to dividend.

4. Capital reduction

Proposal

The Board of Directors proposes to cancel the 2,134,786 shares repurchased under the 2013 share buyback program, to reduce its share capital accordingly and therefore to amend Article 3 of the Articles of Association as follows:

Proposed new Article 3

The share capital of the Company amounts to CHF 349,441,810 CHF 360,115,740 and is divided into 69,888,362 72,023,148 registered shares with a nominal value of CHF 5 per share. The share capital is fully paid-in.

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

Proposal

The Board of Directors proposes that the members of the Board of Directors and executive management be granted discharge for the financial year 2013.

6. Revision of the Articles of Association: amendments and new provisions

Proposal

The Board of Directors proposes to amend and add new provisions to the Articles of Association and renumber them accordingly. Please refer to the Annex for full text.

Explanation

The proposed amendments and new provisions will render the Articles of Association compliant with the Ordinance against excessive compensation in listed stock companies dated 20 November 2013 that entered into force on 1 January 2014.



Agenda and Proposals of the Board of Directors continued

7. Elections of the members of the Board of Directors

7.1 Election

Proposal

The Board of Directors proposes the election of **Ms. Yok Tak Amy Yip** as member of the Board of Directors until completion of the next ordinary annual general meeting of shareholders.

Chinese (Hong Kong), born in 1951, Ms. Yip has over 35 years of experience in global financial markets covering different aspects of the industry. She is currently a Managing Partner of RAYS Capital Partners Limited, an Executive Director of Vitagreen, Hong Kong, an INED of AIG Hong Kong and a non-official member of the Commission on Strategic Development of the Central Policy Unit of Hong Kong Special Administrative Region. Ms. Yip began her career at the Morgan Guaranty Trust Company of New York (1978-1985), going on to hold progressively senior appointments at Rothschild Asset Management (1988-1991) and Citibank Private Bank (1991-1996). Ms. Yip also served as an Executive Director of Reserves Management at the Hong Kong Monetary Authority from 1996 to 2006, where she was responsible for the investment of the assets of the Exchange Fund of Hong Kong. In 2006, Ms. Yip returned to the private sector as the Chief Executive Officer of DBS Bank (Hong Kong) Limited (2006 to 2010), where she was concurrently Head of the Wealth Management Group at DBS Bank. Ms. Yip was awarded the Bronze Bauhinia Star in the Hong Kong Special Administrative Region in July 2000. Ms. Yip holds an M.B.A. from Harvard University and a BA from Brown University.

7.2 Re-elections

Proposal

The Board of Directors proposes the re-election of **Mr. Andreas Andreades** as member and Chairman of the Board of Directors and **Messrs George Koukis, Ian Cookson, Thibault de Tersant, Sergio Giacometto-Roggio and Erik Hansen** as members of the Board of Directors, each for a term of office until completion of the next ordinary annual general meeting of shareholders.

Explanation

In accordance with the Ordinance against excessive compensation in listed stock companies each member of the Board of Directors and its Chairman shall be elected individually each year.

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

Cypriot, born in 1965, 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. Since he joined Temenos, the company has grown from less than 150 employees to more than 3,500 and to more than 1,600 installations and approaching USD 500 million in annual revenues, establishing it as the global leader in banking software. Mr. Andreades started his career with KPMG in London in 1988 and then with Pepsico between 1994 and 1999.

7.2.2 Mr. George Koukis, member of the Board of Directors

Greek & Australian, born in 1946, Mr. George Koukis, founder of Temenos As founder of Temenos, Mr. George Koukis was Chairman of the Board of Directors until July 2011. Mr. George Koukis has been active in the software industry for more than 25 years, having begun at Qantas where he was heavily involved with the computerisation of the company's management accounting department. He then spent six years with Management Science America (MSA) in Australia where he held various management positions, including that of the managing director. Mr. Koukis is currently Chairman of the Board of Trustees of The Classical Opera, a non-profit organisation based in the United Kingdom.

7.2.3 Mr. Ian Cookson, member of the Board of Directors

Swiss, born in 1947, Mr. Ian Cookson has been active in the Financial Services sector for over 30 years and has built one of the most efficient IT operations in Private Banking worldwide. He is currently a member of a number of Boards of Directors in the EFG International Group and provides consulting services to EFG notably in the area of Executive Remuneration. Chief Operating Officer of EFG International and a member of the Executive Committee until September 2007, he was previously a member of the Executive Committee of EFG Bank (since 2002). Prior to this, Mr. Cookson was the Deputy Chief Executive Officer of EFG Bank (1997-2002), Chief Operating Officer of Banque de Dépôts, Geneva (1991-1997) and the Head of Management Services of CBI-TDB Union Bancaire Privée (1986-1991). Mr. Cookson is a member of Temenos Audit, Compensation and Nomination Committees.

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

French, born in 1957, Mr. Thibault de Tersant is a member of the Board of Dassault Systèmes and has been executive vice president and CFO of the company since 1988 and Senior EVP since 2006. During his tenure in Dassault Systèmes, Mr. de Tersant, who manages an organisation in charge of Finance, Legal, Sales Administration, Pricing, Contracts Negotiations, Internal Control and M & A, has conducted more than 50 successful acquisitions totalling in excess of USD 4 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 has more than 25 years of experience in the software industry. Mr. Thibault de Tersant is the Chairman of Temenos Audit Committee.

7.2.5 Mr. Sergio Giacometto-Roggio, member of the Board of Directors

Swiss, born in 1949, Mr. Sergio Giacometto-Roggio serves as an Independent Director. His current portfolio of positions includes Chairman of Oberthur Technologies Holding, Senior Independent Director at Colt Technologies SA and Operating Partner with Advent International. In December 2008, Mr. Giacometto-Roggio retired from Oracle Corporation where he had been a Company Officer and Executive Vice President for Europe, Middle East and Africa since 2000. Prior to joining Oracle in 1997, Mr. Giacometto-Roggio was President, Value Added Services for Europe at AT&T. Earlier in his career, Mr. Giacometto-Roggio spent 20 years with Digital Equipment Corporation in various senior management and executive roles in services, sales, marketing and information management. Mr. Giacometto-Roggio is the Chairman of Temenos Compensation Committee and a member of its Audit and Nomination Committees.

Agenda and Proposals of the Board of Directors continued

7.2.6 Mr. Erik Hansen, member of the Board of Directors

Danish, born in 1952, Mr. Erik Hansen is a recognised software industry veteran with over 30 years of experience as a senior executive at leading software companies. Mr. Hansen is currently Chairman of the Board of Myriad Group AG having previously been 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), TA Triumph Adler (1994-1W997) and Apple (1990-1994), both in Europe and in the United States. Mr. Hansen is a member of Temenos Compensation Committee.

8. Elections of the members of the Compensation Committee

Proposal

The Board of Directors proposes the re-election of Messrs Sergio Giacoletto-Roggio, Ian Cookson and Erik Hansen as members of the Compensation Committee, each for a term of office until completion of the next ordinary annual general meeting of shareholders.

Explanation

According to the Ordinance against excessive compensation in listed stock companies each member of the Compensation Committee shall be elected individually each year.

8.1 Mr. Sergio Giacoletto-Roggio

8.2 Mr. Ian Cookson

8.3 Mr. Erik Hansen

9. Election of the independent proxy holder

Proposal

The Board of Directors proposes the election of the firm **Poncet Buhler Lacin & Vallery** as independent proxy holder until completion of the next ordinary annual general meeting of shareholders.

Explanation

In accordance with the Ordinance against excessive compensation in listed stock companies the independent proxy holder shall be elected each year.

10. Re-election of auditors

Proposal

The Board of Directors proposes the re-election of PricewaterhouseCoopers SA, Geneva, as auditors for a new term of office of one year.



Documentation, Participation and Proxies

Documentation

The 2013 Annual Report, annual financial statements (including the remuneration report), consolidated financial statements, auditors reports, minutes of the last Ordinary General Meeting of Shareholders as well as the current Articles of Association may be ordered at Company's headquarters and are also available on <http://www.temenos.com/en/>.

Participation

Shareholders recorded in the share register, with voting rights by 16 May 2014 at 5 pm CET (record date) are entitled to exercise their voting rights at the forthcoming General Meeting and will receive by post the invitation to this General Meeting; they may then order their admission card from the share register.

Representation and proxy

Shareholders who are unable to attend in person may appoint a representative by written proxy or the independent proxy holder, Poncet Buhler Lacin & Vallery as their representative for this General Meeting. As from the forthcoming General Meeting, shareholders can provide electronically their voting instructions to the independent proxy holder using the password and as per the instructions to be indicated in the invitation to be sent to the shareholders as above-mentioned. Any voting instructions shall be received by 27 May 2014 at noon at the latest.

On behalf of the Board of Directors

Andreas Andreades
Chairman

4 April 2014

Annex – Item 6
Articles of Association: amendments and new provisions



Annex – Item 6

Articles of Association: amendments and new provisions continued

Proposed amendments to the Articles of Association

[the new wording is indicated in bold, and is underlined when it relates to a title, or strikethrough]

I. CORPORATE NAME, ~~DOMICILE~~, REGISTERED OFFICE AND DURATION

III. ~~SHARE CAPITAL AND SHARES~~

Article 6 – ~~Share Register; Recognition of Shareholders~~

~~Article 8 – Organisation of the Company~~

The corporate bodies of the Company are:

~~A. – The General Meeting of Shareholders~~

~~B. – The Board of Directors~~

~~C. – The Auditors~~

Article 9 n° 2, 3, 4 and 5 – Powers and Duties

- to elect and recall the members of the Board of Directors, **the chairman of the Board of Directors, the members of the Compensation Committee, and the Auditors and the independent voting rights representative;**
- to approve the annual report and the annual financial statements as well as to pass resolutions regarding the allocation of profits as shown in the balance sheet, in particular to declare dividends and ~~bonus payments to the members of the Board of Directors;~~
- to approve the compensation of the Board of Directors and the executive management pursuant to Article 25 of the Articles of Association;**
- to **grant discharge to the members of the Board of Directors and the executive management;**

Article 11 para 6 – Convocation, Invitations, and Agenda

The annual business report, **the compensation report** and the **corresponding** Auditors' reports must be made available for inspection by the shareholders at the head office of the Company at least twenty days prior to the date of the ordinary General Meeting of Shareholders. Reference thereto shall be included in the published invitation to the General Meeting of Shareholders.

Article 12 – Presiding officer; and Minutes and Organisation

The chairman of the Board of Directors or, failing him, the ~~deputy vice~~-chairman or another member specified by the Board of Directors, shall preside at the General Meeting of Shareholders.

In the French version only the title has been amended.

Article 13 para 2, 3 – Right to Attend, and Representation

Each shareholder may be represented at the General Meeting of Shareholders by any other person who is authorised by a written proxy, by a legal representative or by the independent voting rights representative. ~~A shareholder who cannot attend the General Meeting of Shareholders personally may authorise another person to represent him at the General Meeting of Shareholders by means of a written authorisation to be submitted to the Company.~~

The independent representative shall be elected by the General Meeting of Shareholders. Its term of office shall expire after completion of the next ordinary General Meeting of Shareholders. Re-election is possible. If the Company does not have an independent voting rights representative, the Board of Directors shall appoint the independent voting rights representative for the next General Meeting of Shareholders.

~~Representatives of corporate bodies of the Company and proxy holders for deposited shares, as well as independent proxy holders for deposited shares, as well as independent proxy holders designated by the Company need not be shareholders neither. Minors and wards may be represented by their legal representatives, married persons by their spouses, and legal entities by a person authorised to bind them by his signature, even if such representatives are not shareholders.~~

Article 14 – Votes Voting rights and Quorum

In the French version there is no need to amend the title.

Article 15 – Resolutions and Elections

The General Meeting of Shareholders shall pass its resolutions and carry out its elections by a simple majority of the votes exercised, excluding the blank and invalid votes, unless these Articles of Association or mandatory legal provisions (~~article 704 CO~~) shall stipulate otherwise. In the event of the votes being equally divided, the decision shall rest with the chairman.

Motions and elections shall be put to open vote unless the chairman shall order, or a resolution by the shareholders upon a motion seconded by shareholders representing together at least two percent (2%) of the represented votes shall require, a written ballot. Should the result of a ~~an~~ open vote or election be unclear, the chairman may order that the vote or election be repeated in **written the same or another** form; in this case only the result of the **written repeated** vote shall count.

Article 16 – Number of members, Elections and Term of Office

The Board of Directors shall consist of five or more members.

The General Meeting of Shareholders shall individually elect the members of the Board of Directors and the chairman for a ~~As a rule the term of office of the members of the Board of Directors shall be one (1) year, whereby one year shall be understood to be the period from one until completion of ordinary General Meeting of Shareholders to the next ordinary General Meeting of Shareholders. Upon the expiration of their terms of office the members may be re-elected immediately and without restrictions.~~

If the number of members should drop below the minimum number provided in these Articles of Association, the completion of the Board of Directors may be deferred until the next **ordinary** General Meeting of Shareholders.

Annex – Item 6

Articles of Association: amendments and new provisions continued

Article 17 para 1 + para 2 n° 6 and 10 – Duties and Powers and Delegation of powers

The Board of Directors is entrusted with the ultimate direction of the Company and the supervision of the management. It shall represent the Company vis-à-vis third parties and shall attend to all matters which are not delegated to or reserved for another corporate body of the Company pursuant to law or these Articles of Association ~~or the by-laws~~.

6. to prepare the business report **and the compensation report**, as well as the General Meeting of Shareholders and to implement the latter's resolutions;
- ~~10. to examine the professional qualifications of the specially qualified auditors in those cases in which the law provides for the use of such auditors.~~

Article 18 para 2 and new para 3 – Convening and Organisation of meetings

Except for the election of the chairman of the Board of Directors and the members of the Compensation Committee by the General Meeting of Shareholders, the Board of Directors shall constitute itself. ~~The Board of Directors~~ It shall elect a vice-chairman from amongst its members, ~~for the term of one year each, a chairman and, and shall appoint a secretary.~~ It may appoint one or more committees from amongst its members.

If the office of the chairman of the Board of Directors is vacant, the Board of Directors shall appoint a new chairman from among its members for the remaining term of office.

Article 20 – Compensation for Board of Directors Indemnification

The members of the Board of Directors may receive ~~a fixed compensation which shall be determined annually by the Board of Directors in accordance with the claims made on them and their degree of responsibility.~~

~~Furthermore~~ The members of the Board of Directors are entitled to the reimbursement of the expenses incurred by them in the interest of the Company.

Article 24 – Appointments Election and Duties

Previously Article 21.

Article 24 – Bonuses to the Board of Directors

The payment of bonuses to members of the Board of Directors shall be governed by the provisions of article 677 CO.

Proposed new provisions in the Articles of Association

C. COMPENSATION COMMITTEE

Article 21 – Number of members and Term of office

1. The Compensation Committee shall consist of three or more independent members of the Board of Directors.
2. The General Meeting of Shareholders shall individually elect the members of the Compensation Committee for a term of office until completion of the next ordinary General Meeting of Shareholders. Upon the expiration of their terms of office the members may be re-elected.
3. If there are vacancies on the Compensation Committee, the Board of Directors shall appoint the missing members from among its members for the remaining term of office.

Article 22 – Organisation

The Compensation Committee shall define its organisation in regulations within the limits of the law and of the Articles of Association. The Board of Directors shall ratify these regulations. The Compensation Committee shall appoint a chairman.

Article 23 – Powers

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 executive management. It may submit proposals and recommendations to the Board of Directors in other compensation-related issues.

The Board of Directors shall determine in the terms of reference for which positions of the Board of Directors and of the executive management the Compensation Committee shall, with or without the involvement of the chairman of the Board of Directors, submit proposals to the Board of Directors for the applicable performance criteria and the compensation levels, and for which positions it shall itself determine the applicable performance targets and the compensation levels, in accordance with the Articles of Association and the compensation guidelines established by the Board of Directors.

The Board of Directors may delegate further tasks and powers to the Compensation Committee.

V. COMPENSATION OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE MANAGEMENT

Article 25 – Approval of compensation by General Meeting of Shareholders

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.



Annex – Item 6

Articles of Association: amendments and new provisions continued

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 of this Article, 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.

Article 26 – Supplementary amount in the event of changes in the executive management

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 authorised 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.

Article 27 – General Compensation principles

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 elements only.

The executive members of the Board of Directors and the executive management may be paid fixed and variable compensation. The Board of Directors may determine that variable compensation is dependent on the achievement of certain performance criteria.

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, 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 the form of cash, shares, in kind 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 options and similar financial instruments or units. The Board of Directors or, where delegated to it, the Compensation Committee shall determine grant, vesting, blocking, exercise and forfeiture 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 or mandate agreement. The Company may procure the required shares through purchases on the market or a conditional increase of its share capital.

Compensation may be paid by the Company or companies controlled by it.

VI. AGREEMENTS WITH MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE MANAGEMENT

Article 28

The Company or companies controlled by it may enter into agreements with members of the Board of Directors relating to their compensation for a fixed term or for an indefinite term.

The Company or companies controlled by it may enter into employment agreements with members of the executive management for a fixed term or for an indefinite term.

Agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Agreements for an indefinite term may have a termination notice period of maximum twelve months.

VII. EXTERNAL MANDATES

Article 29

1. 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.
2. 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.
3. 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 such mandates; and
 - c. mandates in associations, charitable organisations, foundations, trusts and employee welfare foundations. No member of the Board of Directors or executive management shall hold more than ten such mandates.
4. "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.