



# TEMENOS

THE BANKING SOFTWARE COMPANY

INVITATION TO THE  
21<sup>ST</sup> ORDINARY GENERAL  
MEETING OF SHAREHOLDERS  
OF TEMENOS AG  
("the Company")

to be held without audience on Wednesday 25 May 2022 at 11.30 a.m.  
at Fairmont Grand Hotel Geneva, Quai du Mont-Blanc 19,  
1201 Geneva, Switzerland

**Temenos AG**

Invitation to the 2022  
Annual General Meeting



## CHAIRMAN'S LETTER

Dear Shareholders,

It is an honour to invite you to the 21<sup>st</sup> annual shareholders' meeting of Temenos. Before addressing matters for consideration at this upcoming shareholders' meeting, I would first like to review performance and the industry trends in 2021.

### Thoughts on our performance in 2021

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 Software-as-a-Service ("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 SaaS 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 ("ESG") 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.

## CHAIRMAN'S LETTER *continued*

### **The 21<sup>st</sup> Ordinary General Meeting of Shareholders**

Please refer to the enclosed agenda for the items to be voted on. The Compensation Report included in the 2021 Annual Report provides details of our approach to compensation and the targets and controls we have put in place. Our compensation structure is heavily linked to performance to align us with the long-term objectives and priorities of our shareholders.

We will seek the election of Ms. Cecilia Hultén and Ms. Deborah Forster to the Board of Directors at the AGM, as Non-Executive and Independent Directors.

Cecilia Hultén, based in Copenhagen, is a strategic leader with more than two decades of experience in the financial industry. She has led large international sales teams for institutions including UBS and Nordea and brings a strong financial skill set with an in-depth understanding of funding, risk management and capital markets. Inspired by an extended stay in Silicon Valley, Ms. Hultén became an entrepreneur, investor and board member, leveraging technology and behavioral design to meet real needs focusing on fintech and working with companies including Kompas Bank, a digital cloud-based lending bank for SMEs.

Deborah Forster, based in the United Kingdom, is CEO of the Tech Talent Charter, an industry collective which aims to deliver greater inclusion and diversity in the UK technology workforce. Ms. Forster brings a unique skill set across the areas of technology, innovation, diversity and education, and was awarded an MBE in the Queen's New Year's Honour List in January 2017 for "Services to Digital Technology and Tech Development" as well as being named the "Most Influential Women in UK IT" by Computer Weekly in 2019. She currently serves on the UK government's Digital Economy Board and its Money and Pensions Advisory Board.

I am delighted that we are able to propose such strong candidates for the roles of Non-Executive Director on our Board. Ms. Hultén brings extensive experience in financial services and as an entrepreneur, investor and board member in the fintech and biotech space, which is highly relevant given the acceleration in our SaaS business where we see strong demand from fintechs and challenger banks. In addition, Temenos itself is constantly evolving as we respond to the changing dynamics of our clients and the banking industry, and her expertise in supporting business growth and evolution will be of great benefit to our Board and management.

Ms. Forster has a unique skill set and experience, combining technology, innovation, diversity and education. Temenos is highly focused on increasing diversity and inclusion across all levels of our organization, as well as driving innovation across the company and enabling our employees to develop and expand their skill sets as they progress in their careers with Temenos and we establish Temenos as the ultimate learning community in the world of banking software. Her expertise in these areas will be instrumental in helping us define our strategy and approach as well as ensuring we successfully execute on our diversity and human capital objectives.

We have proposed a dividend of CHF 1.00 per share for 2021, an increase of 11% on the previous year. I hope as many of you as possible will vote at this year's AGM and thank you for your confidence and support.

**Andreas Andreades**  
Executive Chairman

## AGENDA AND PROPOSALS OF THE BOARD OF DIRECTORS

### 1. 2021 Annual Report including the compensation report, the 2021 unconsolidated financial statements and the 2021 consolidated financial statements

#### Proposal

The Board of Directors proposes that the 2021 Annual Report including the compensation report, the 2021 unconsolidated financial statements stating a profit for the year of CHF 2,291,199 and the 2021 consolidated financial statements stating a profit for the year of USD 173,369,324 be approved.

### 2. Allocation of the available earnings and distribution of dividend

#### Proposal

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

Retained earnings brought forward	CHF 521,659,667
Profit for the year 2021	CHF 2,291,199
Profit from disposal of treasury shares	CHF 1,965,322
Retained earnings available to the General Meeting	CHF 525,916,188

Allocation to general legal reserve	CHF (114,560)
Allocation to reserve for treasury shares	CHF (126,478,533)
Dividend to be distributed	CHF (71,600,000)
Retained earnings to be carried forward	CHF 327,723,096

Based on the audited financial statements for the financial year 2021, the Board of Directors proposes to distribute a dividend amounting to CHF 1.00 per share, for an estimated total amount of CHF 71,600,000 (this amount may vary depending on the number of treasury shares and of issued shares as of the ex-dividend date). This distribution shall be declared out of the retained earnings as described above (subject to 35% Swiss withholding tax).

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) and the dividend will be payable as of 1 June 2022 (Payment date).

Treasury shares are not entitled to dividend.

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

#### Proposal

The Board of Directors proposes that the members of the Board of Directors and executive management be granted discharge for the financial year 2021.

### 4. Compensation of the members of the Board of Directors and of the Executive Committee for the year 2023

#### 4.1. Compensation of the members of the Board of Directors for the year 2023 (1 January to 31 December)

##### Proposal

The Board of Directors proposes to approve a maximum aggregate amount of USD 9.3 million as fixed and variable compensation of the members of the Board of Directors for the financial year 2023.

##### Explanation

Please refer to the Annex for more details.

#### 4.2. Compensation of the members of the Executive Committee for the year 2023 (1 January to 31 December)

##### Proposal

The Board of Directors proposes to approve a maximum aggregate amount of USD 30 million as fixed and variable compensation of the members of the Executive Committee for the financial year 2023.

##### Explanation

Please refer to the Annex for more details.

### 5. Elections of the members of the Board of Directors

#### 5.1. Elections of new members

##### 5.1.1. Ms. Deborah Forster

##### Proposal

The Board of Directors proposes the election of **Ms. Deborah Forster** as member of the Board of Directors (Independent and Non-Executive), for a term of office until completion of the next ordinary annual General Meeting of Shareholders.

British, born in 1966, Ms. Deborah Forster, based in the United Kingdom, is CEO of the Tech Talent Charter, an industry collective which aims to deliver greater inclusion and diversity in the UK technology workforce. Ms. Forster brings a unique skill set across the areas of technology, innovation, diversity and education, and was awarded an MBE in the Queen's New Year's Honour List in January 2017 for "Services to Digital Technology and Tech Development" as well as being named the "Most Influential Women in UK IT" by Computer Weekly in 2019. She currently serves on the UK government's Digital Economy Board and its Money and Pensions Advisory Board. Previously, Ms. Forster was CEO of education charity Apps for Good, taking the organization through a period of exponential growth, and worked for e-skills, the UK's national IT sector skills council. Prior to this, she had a two-decade career in education. Ms. Forster holds an M.A. from the University of Leeds.

## AGENDA AND PROPOSALS OF THE BOARD OF DIRECTORS *continued*

### 5. Elections of the members of the Board of Directors *continued*

#### 5.1. Elections of new members *continued*

##### 5.1.2. Ms. Cecilia Hultén

###### Proposal

The Board of Directors proposes the election of **Ms. Cecilia Hultén** as member of the Board of Directors (Independent and Non-Executive), for a term of office until completion of the next ordinary annual General Meeting of Shareholders.

Swedish, born in 1968, Ms. Cecilia Hultén, based in Copenhagen, is a strategic leader with more than two decades of experience in the financial industry. She has led large international sales teams for institutions including UBS and Nordea and brings a strong financial skill set with an in-depth understanding of funding, risk management and capital markets. Inspired by an extended stay in Silicon Valley, Ms. Hultén became an entrepreneur, investor and board member, leveraging technology and behavioral design to meet real needs focusing on fintech and working with companies including Kompas Bank, a digital cloud-based lending bank for SMEs. She has co-founded two other companies, a biotech company and a data management company commercializing a project out of MIT's Fintech program. She is also an Executive Coach at the Stanford Graduate School of Business in Corporate Innovation. Ms. Hultén holds a BSc at Gothenburg School of Economics and studied at the MBA program at Stern School of Business, NYU.

#### 5.2. Re-elections

##### Proposal

The Board of Directors proposes the re-election of **Mr. Andreas Andreades** as member and Chairman of the Board of Directors as well as the re-elections of **Mr. Thibault de Tersant, Mr. Ian Cookson, Mr. Erik Hansen, Dr. Peter Spenser, Dr. Homaira Akbari, Mr. Maurizio Carli** and **Mr. James Benson** as members of the Board of Directors, each for a term of office until completion of the next ordinary annual General Meeting of Shareholders.

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

Cypriot, born in 1965. After early careers with KPMG in London and Pepsico, Mr. Andreas Andreades joined Temenos in 1999, initially in the position of Chief Financial Officer, before assuming the responsibilities of the Deputy Chief Executive Officer in 2001 and then the Chief Executive's role from July 2003 until July 2011, when he was appointed Chairman of the Board of Directors. In July 2012 he was appointed Executive Chairman of the Temenos Board of Directors. Since he joined Temenos, the Company has grown from less than 150 employees to more than 8,500 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 (end 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.

Acknowledging the importance of ESG matters, Mr. Andreades is acting as the Board executive sponsor for ESG matters and is a member of the Temenos Nomination & ESG Committee.

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

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 been also 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 various 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 member of the Board and Executive Committee of Numeum, the French syndicate of companies working in the digital domain.

Mr. de Tersant is a graduate of the ESSEC Business School and of the Institut d'Etudes Politiques de Paris.

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

##### 5.2.3. Mr. Ian Cookson, member of the Board of Directors

Swiss, born in 1947, Mr. Ian Cookson has been active in the financial services sector for over 40 years and has built one of the most efficient IT operations in Private Banking worldwide.

Mr. Cookson was Chief Operating Officer of EFG International and 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).

Acknowledging the importance of the ESG matters, Mr. Cookson is the Chair of the Temenos Nomination & ESG Committee and is also a member of the Audit Committee.

##### 5.2.4. Mr. Erik Hansen, member of the Board of Directors

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

Mr. Hansen holds a degree from the business college in Horsens, Denmark.

Mr. Hansen is a member of the Temenos Nomination & ESG Committee.

## 5. Elections of the members of the Board of Directors continued

### 5.2. Re-elections continued

#### 5.2.5. Dr. Peter Spenser, member of the Board of Directors

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 he was a senior Partner at Deloitte Consulting in the US where in addition to serving a number of major clients (Global Banks, Brokerages and Wealth and Asset Managers), he led a number of practice areas including the Investment Management practice and also the Global Financial Services IT and Data Analytics practices. Prior to this, 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.

Dr. Spenser is a member of the Temenos Audit and Compensation Committees.

#### 5.2.6. Dr. Homaira Akbari, member of the Board of Directors

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 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 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 in industry conferences.

Dr. Akbari is the Chair of the Temenos Compensation Committee.

#### 5.2.7. Mr. Maurizio Carli, member of the Board of Directors

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 Telecom Italia. He previously served as an independent board member for Blue Prism in 2021, Teleticity 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.

Mr. Carli is a member of the Temenos Nomination & ESG and Compensation Committees.

#### 5.2.8. Mr. James Benson, member of the Board of Directors

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.

Mr. Benson is a member of the Temenos Audit and Compensation Committees.

## AGENDA AND PROPOSALS OF THE BOARD OF DIRECTORS *continued*

### 6. Elections of the members of the Compensation Committee

#### Proposal

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

6.1. **Dr. Homaira Akbari**

6.2. **Dr. Peter Spenser**

6.3. **Mr. Maurizio Carli**

6.4. **Mr. James Benson**

6.5. **Ms. Deborah Forster**

### 7. Election of the independent proxy holder

#### Proposal

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

### 8. Election of the auditors

#### Proposal

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

### Documentation

The 2021 Annual Report (including the compensation report, the unconsolidated financial statements, the consolidated financial statements and the auditors' reports), the minutes of the last ordinary General Meetings of Shareholders as well as the current Articles of Association may be ordered at Company's headquarters and are also available on: <https://www.temenos.com/en/about-temenos/investor-relations>

### Votes

Shareholders recorded in the share register with voting rights as of **12 May 2022 at 5 pm. CET** (record date) are entitled to vote at the forthcoming General Meeting and will receive by post the invitation to this General Meeting.

### Representation

Due to the ongoing uncertainties regarding COVID-19 and in accordance with the COVID-19 Ordinance 3 of the Federal Council, it has been decided to again hold this General Meeting without physical attendance, given priority to the health and safety of our shareholders and employees. The shareholders can however be represented by the independent proxy holder: **Perréard de Boccard S.A.** The voting instructions to the independent proxy holder can be given either by return of the proxy form or electronically using the password and as per the instructions indicated in the invitations to be sent to the shareholders. Voting instructions shall be received by **23 May 2022 at 5 pm CET** at the latest.

On behalf of the Board of Directors

### **Andreas Andreades**

Executive Chairman

27 April 2022



## ANNEX – INFORMATION ON THE COMPENSATION PROPOSALS (4.1 & 4.2)

Dear Shareholders,

Shareholder dialogue is a key priority of our management team and the Board of Directors and we routinely engage to discuss business, performance, compensation and governance matters.

With regard to executive compensation, we invited shareholders representing over 70% of outstanding shares to a meeting with Temenos' Compensation Committee Chairperson. The Chairperson engaged in conference calls with all who responded to the invitation and with key 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, including performance metrics and goal setting for both Short-Term Incentive ("STI") and Long-Term Incentive ("LTI") plans, and pay levels for the Executive Chairman and the Executive Committee ("Executives").

### LTI instruments

Temenos' historic practice of providing top management LTI 100% in the form of performance-based Stock Appreciation Rights ("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 LTI instruments for Executives. While all instruments ensure that the interests of Executives continue to be strongly aligned with those of shareholders, the mix will better reflect current market practice and facilitate recruitment and retention.

In 2023 we plan to move to a mix of 30% in restricted stock units ("RSUs"), 35% in performance-based stock units ("PSUs"), and 35% in performance-based SARs. In 2022 we took the first step towards this mix and awarded 50% performance-based SARs and 50% PSUs to top management. PSUs are subject to the same performance measures as SARs, that is Total Bookings, Non-IFRS EPS and Free Cash Flow. Similarly, they have a three-year vesting period. The Executive Chairman, CEO and CFO will continue to receive 100% of their LTI in performance-based SARs. They will not be granted RSUs or PSUs, and over 84% of their on-target annual compensation will continue to be at risk. Although market practice has been moving towards PSUs and Temenos is addressing this for recruitment, Temenos continues to believe that SARs are a highly efficient motivator for over-performance, which is a strong driver for shareholder value creation.

Shareholders expressed support for the gradual move to a different mix and recognized that the proposal is 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

Temenos' STI and LTI plans were evaluated against the peers, to understand the relative size of performance ranges and award funding levels. Temenos' performance thresholds are in line with peer benchmarks, but its payout levels are lower. In order to attract and retain top talent in a highly competitive industry, 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 minimum threshold. Shareholders generally supported this change. We are not proposing any changes to the performance thresholds. However, from 2022 we are funding the STI plan at 50% when the performance threshold of 90% of target is reached, previously funding at this level was zero. From 2023 we will fund the LTI plan at 50% when the performance threshold of 85% of target is reached, previously funding at 85% was zero.

### Level of compensation for the Fiscal Year 2023

Finally, we sought shareholder views on the level of compensation for our Executives. When comparing Temenos' proposed 2023 compensation to peer data reflected in public filings available in late 2021 (which generally reflect 2020 pay levels), the CEO is at the 40<sup>th</sup> percentile versus the peer group. 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.

### Shareholder conclusions

Further proposals were discussed on ways to address retention and motivation of members of the Executive Committee. Some of these were not seen positively by shareholders and have not been taken further, reflecting the importance to the Compensation Committee of shareholder feedback.

We continue to believe that it is important to proactively seek to understand the views of our shareholders in advance of any changes we are considering to our compensation structure. The Compensation Committee remains committed to this open, transparent dialogue with shareholders, and welcomes regular feedback on our compensation policies.

### Proposals

The compensation proposals for 2023 for which we request your approval are as follows:

- » Board of Directors: USD 9.3 million for 10 members (2022: USD 8.2 million for 8 members). We request an increase of 10% in compensation for the Executive Chairman for the year 2023 where the last increase was requested at the 2019 AGM for 2020 compensation i.e. there has been no material adjustment in the compensation of the Executive Chairman for 3 years. We are not seeking any changes to the level or the structure of compensation for Temenos Non-Executive Directors.
- » Executive Committee: USD 30 million for 7 members (2022: USD 40 million for 11 members). We request an increase of 10% in compensation for the CEO for the year 2023 where the last increase was requested at the 2019 AGM for 2020 compensation i.e. there has been no adjustment in the compensation of the CEO for 3 years. Other members of the Executive Committee have already received compensation increases either upon their promotions into the Executive Committee or into new roles or are individuals who have joined Temenos during the last 12 months. Therefore, we are only requesting a 5% increase for the rest of the Executive Committee members to be applied as required to address benchmark shortfalls.

We look forward to receiving your support at the AGM on 25 May 2022.

### Homaira Akbari

Chairperson of the Compensation Committee

## ANNEX – INFORMATION ON THE COMPENSATION PROPOSALS (4.1 & 4.2) continued

### 1. Introduction

Full details of 2021 compensation are provided on pages 136-159 of the 2021 Annual Report (Compensation Report). The 2021 Annual Report is available electronically under: <https://www.temenos.com/en/about-temenos/investor-relations/reports>

This annex intends to explain the compensation request as per motion 4.1 and 4.2. The compensation policy and principles are explained in the Compensation Report in section A. The compensation components are explained in the Compensation Report in section B.

### 2. Background to compensation vote

#### 2.1 Voting methodology selected

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

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

The proposed amounts of compensation for both the Board of Directors and for the Executive Committee are for the full calendar year 2023.

#### 2.2 Foreign exchange impacting the compensation

The largest part of the on-target compensation relates to the LTI grant. The SARs price and associated accounting value is quoted in U.S. dollars (USD). However, some Executives are paid fixed and short-term variable compensation in currencies other than USD. The exchange rates used for 2023 are the closing rates of 31 December 2021:

USD/CHF : 0.912  
 USD/GBP : 0.74  
 USD/AED : 3.6725  
 USD/EUR : 0.88

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

### 3. Compensation for Members of the Board of Directors for the year 2023

**VOTE 4.1:** The Board of Directors proposes to approve a maximum aggregate amount of USD 9.3 million (CHF 8.5 million) as fixed and variable compensation of the members of the Board of Directors for the financial year 2023.

The Board of Directors proposal for 2023 compensation comprises the below:

the Executive Chairman, subject to re-election at the AGM 2022:

» Andreas Andreades

the seven Non-Executive Directors, subject to re-election at the AGM 2022:

» Thibault de Tersant, Vice-Chairman  
 » Ian Cookson  
 » Erik Hansen  
 » Peter Spenser  
 » Homaira Akbari  
 » Maurizio Carli  
 » James Benson

and the following two proposed Non-Executive Directors, subject to election at the AGM 2022:

» Deborah Forster  
 » Cecilia Hultén

### 3. Compensation for Members of the Board of Directors for the year 2023 continued

The maximum amount of compensation for which we request approval for the 10 members of the Board of Directors including the Executive Chairman is USD 9.3 million. The compensation request for both 2022 and 2023 includes the maximum payout for the STI at 150% under Executive Chairman's compensation scheme.

USD 000	No of members	Fixed fee/salary	Maximum variable short term incentive <sup>1</sup>	All other compensation	LTI <sup>2</sup>	Employer social security charges	Total compensation including employer social security charges	Average per member
2022 approved	8	1,873	943	163	5,147	65	8,192	1,024
2023 request	10	2,166	1,157	145	5,662	100	9,230	923

1 The variable short-term incentive for the Executive Chairman is explained further in section 5.1. The maximum STI in 2022 request assumed no deferred shares, 2023 assumes 10% increase in value.

2 The LTI plan for the Executive Chairman is explained further in section 5.2. Both Executive Chairman and Non-Executive Directors are subject to share ownership rules. Please refer to section 5.3 for more details.

The proposal reflects a 10% increase in on-target Total Direct Compensation for the Executive Chairman. The Executive Chairman has his compensation allocated between executive pay and Board fees. In 2022, he benefited from the increase in Board fees from USD 108,000 to USD 140,000 in line with the Non-Executive Directors, but no change was made to executive pay for the last 3 years. The requested Total Direct Compensation is in line with market benchmarks.

No increase is being proposed to the annual compensation provided to each of our Non-Executive Directors.

The allocation between Executive Chairman and nine Non-Executive Directors for the fiscal year 2023 is as below.

USD 000	No of members	Fixed fee/salary	Maximum variable short term incentive	All other compensation	LTI	Employer social security charges	Total compensation including employer social security charges	Average per member
Executive Chairman	1	771	1,157	115	5,662	13	7,718	7,718
Non-Executive Directors	9	1,395	–	30	–	87	1,512	168
Total	10	2,166	1,157	145	5,662	100	9,230	

#### Executive Chairman

The 2023 proposal for the Executive Chairman compensation is reflected in the chart below, where 88% of the total compensation (short-term variable and long-term equity incentive) is at-risk and subject to achievement of performance targets. The Board of Directors believes that the high proportion of variable pay aligns the Executive Chairman's compensation with the long-term success of the Company and the creation of long-term shareholder value.

USD 000	No of members	Fixed fee/salary	Maximum variable short term incentive	All other compensation	LTI	Employer social security charges	Total compensation including employer social security charges
2022 approved	1	729	943	163	5,147	14	6,996
2023 request	1	771	1,157	115	5,662	13	7,718

#### Non-Executive Directors

No increase in fees per Non-Executive Director is requested for 2023. However, two additional Board members are being proposed for election at the AGM in 2022, which increases total cost by USD 0.3 million.

USD 000	No of members	Fixed fee	Maximum variable short term incentive	All other compensation	LTI	Employer social security charges	Total compensation including employer social security charges	Average per member
2022 approved	7	1,145	–	–	–	51	1,196	171
2023 request	9	1,395	–	30	–	87	1,512	168

## ANNEX – INFORMATION ON THE COMPENSATION PROPOSALS (4.1 & 4.2) continued

### 3. Compensation for Members of the Board of Directors for the year 2023 continued

The fees per role are the same as in 2022:

Fee type	2022 and 2023 USD 000
Board fees	140
Additional fee for Directors traveling long-haul	10
Fee for Chair of Audit Committee	55
Fee for Chair of Compensation Committee	45
Fee for Chair of Nomination & ESG Committee	35

Non-Executive Directors do not receive any short-term variable pay nor do they participate in any of Temenos' LTI programs.

### 4. Compensation for Members of the Executive Committee for the year 2023

VOTE 4.2: The Board of Directors proposes to approve a maximum aggregate amount of USD 30 million (CHF 27 million) as fixed and variable compensation of the members of the Executive Committee for the financial year 2023.

The Executive Committee proposal for 2023 comprises the following members:

- » Max Chuard, Chief Executive Officer (CEO)
- » Erich Gerber, President and Chief Revenue Officer (CRO)
- » Panagiotis "Takis" Spiliopoulos, Chief Financial Officer (CFO)
- » Prema Varadhan, Chief Product and Technology Officer (CPTO)
- » Colin Jarrett, Chief Client Delivery Officer (CCDO)
- » Jayde Tipper, Chief People Officer (CPO)
- » Martin Häring, Chief Marketing Officer (CMO)

The table below shows the proposed total maximum amount of compensation for the members of the Executive Committee of USD 30 million split by compensation element. The total amount of compensation for both 2022 and 2023 includes the maximum possible payout under the STI of 150%. The average per member has increased due to the reduction in the number of Executive Committee members (the average proposed increase for continuing Executive Committee members between 2022 and 2023 is 8%).

USD 000	No of members	Salary	Maximum variable short term incentive <sup>1</sup>	All other compensation	LTI <sup>2</sup>	Employer social security charges	Total compensation including employer social security charges	Average per member
2022 approved	11	5,465	8,792	495	21,232	3,663	39,647	3,604
2023 request	7	3,850	6,258	206	17,159	2,203	29,675	4,239

<sup>1</sup> The variable short-term incentive for the Executive Committee members is explained further in section 5.1.

<sup>2</sup> The LTI plan for the Executive Committee members is explained further in section 5.2. The Executive Committee members are subject to share ownership rules. Please refer to section 5.3 for more details.

The compensation request includes a request for a 10% increase of on-target Total Direct Compensation for the CEO whose last increase was requested at the 2019 AGM, hence the 10% is on average 3% per annum. The compensation for other members of the Executive Committee has been more recently adjusted in connection with promotions or normal-course salary increases, or are new joiners, and the average 5% compensation increase for the seven Executive Committee members will not be applied evenly across all.

### 5. 2023 Key Performance Indicators (KPIs) for variable plans

#### 5.1 STI Plan

For 2023, the performance metrics are expected to be as follows:

KPIs for STI 2023	Weighting
Non-IFRS software licensing	30%
Total ARR	30%
Non-IFRS EPS	20%
Operating Cash Flow	20%

The targets are considered commercially sensitive and are not disclosed in advance. We have replaced the Total SaaS Annual Contract Value ("SaaS ACV") KPI with Total Annual Recurring Revenue ("Total ARR") effective January 2023. As we have moved to a subscription model early 2022, we consider Total ARR a better measure than SaaS ACV because it also includes the revenues from our software maintenance, which is an important part of the business.

The threshold payout of 50% occurs when performance is at 90% of goal and maximum payout of 150% occurs when performance is at 125% of goal. For every 1% of performance overachievement, 2% of incremental bonus is funded.

## 5. 2023 Key Performance Indicators (KPIs) for variable plans continued

### 5.2 LTI Plan

#### Instruments

There is no change for Chairman, CEO and CFO; they continued to receive 100% performance-based SARs as their LTI instrument for fiscal year 2022. For the remainder of the Executive Committee, they received 50% in SARs and 50% in PSUs for fiscal year 2022. As discussed extensively with shareholders, the introduction of PSUs in fiscal year 2022 better aligns our LTI program with the competitive market, and supports retention while continuing to hold our Executives accountable for performance. As the next step in aligning our program with competitive practice, the Board of Directors elected to offer to the remaining members of the Executive Committee 35% SARs, 35% PSUs and 30% RSUs in 2023.

#### KPIs

In order to support the SaaS and subscription model transition, we have reviewed our KPIs to identify those which continue to best reflect our go-forward strategy. For 2022 LTI Plan we have used the same KPIs as for 2021. For 2023, the Board of Directors is proposing to replace Total Bookings with Total ARR, which better captures the recurring revenue growth of subscription, SaaS and maintenance. This change also reflects feedback we received from several of our shareholders who believe Total ARR is a better reflection of the Company's progress in its business model transformation.

KPIs for LTI 2022-2024	Weighting
Total Bookings	60%
Non-IFRS EPS	20%
Free Cash Flow	20%

Expected KPIs for LTI 2023-2025	Weighting
Total ARR	60%
Non-IFRS EPS	20%
Free Cash Flow	20%

#### Vesting curve

The funding outcome for performance-based LTI instruments, i.e. the SARs and PSUs ("LTI Units"), is calculated as the greater of:

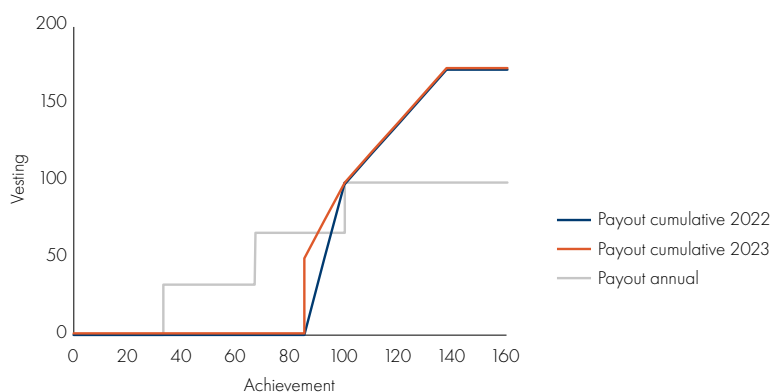
- The total number of LTI Units resulting from the achievement of each of the three annual targets covered by the three-year plan, where one third of the target number of LTI Units is attributed to each year. For this annual funding, the final number of LTI Units earned is binary at either 0% or 100%. Vesting is still subject to an overall three-year service period following grant.
- The total number of LTI Units resulting from the cumulative actual achievement of the respective KPIs of the three-year plan, as shown in the chart below.

Actual cumulative achievement as % of cumulative annual targets	85%	92.5%	100%	110%	120%	137.5%
Proportion of LTI Units vesting	50%	75%	100%	120%	140%	175%

We have amended the funding at the threshold of 85% of the performance goal to 50% (for 2022 this payout was at 0%). This change to the funding schedule better aligns the calibration of our plan with our peers and ensures we remain competitive in this challenging market for talent.

The graph below reflects the change. Funding for the 2022 plan is the greater of the results of the annual targets, shown in grey below, or the cumulative, shown in blue below. Funding for the 2023 plan is the greater of the results of the annual targets shown in grey below or the cumulative shown in orange below.

#### Annual and cumulative vesting



Temenos compensation philosophy has been, and continues to be, to set rigorous targets and to reward management if they meet these stretch targets.

### 5.3 Share ownership rules

The members of the Board of Directors as well as the Executive Committee are subject to share ownership rules details of which are available in the 2021 Annual report (Compensation Report) on page 152.






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