

Operating responsibly

DOING BUSINESS THE RIGHT WAY

For 25 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 corporation, 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 is set up so as to promote the long term interests of all of our stakeholders and foster a culture of transparency, business integrity, responsible decision-making and accountability, maintain internal checks and controls and help build public trust in the Company, by balancing the interests of all its stakeholders.

Highlights of Temenos Corporate Governance

- > Board of Directors with Non-Executive and Independent Directors
- > Separate Chairman and Chief Executive Officer
- > Executive Chairman
- > Independent Audit, Nomination and Compensation Committees
- > Charters for Board Committees
- > Chief Executive Officer and Executive Committee
- > Annual Board and Committee Evaluations
- > Stock Ownership and Holding Requirements
- > Corporate Governance Guidelines approved by the Board
- > Internal Controls and Risk Oversight by Committees and Board.

More information on Corporate Governance is on page 88 and on the corporate website www.temenos.com.

ETHICAL BUSINESS CONDUCT AND GOVERNANCE

Our commitment to assess and manage the impact of our operations and promote the long term interests of our shareholders is demonstrated in the *Temenos Business Code of Conduct* (the Code) and our corporate policies. The members of the Board of Directors and the Executive Committee have endorsed the Code. Oversight of sustainability issues is part of the duties of our senior management through the CSR and Ethics Committee.

CSR and Ethics Governance

To ensure the effective implementation of our CSR strategy, Temenos has a Global Corporate Social Responsibility Department, responsible for managing the Group CSR strategy, interacting with stakeholders and driving the CSR initiatives.

Temenos CSR strategy is designed and led by the CSR and Ethics Committee (the Committee) at the senior management level, which reports to the Board of Directors through the Audit Committee. The purpose of the Committee is to foster a culture of sustainability, responsibility and ethics within the Company, recognizing that senior management is responsible for instilling Temenos' values throughout the Company. The Committee represents different Temenos functions and departments, ensuring all the voices of internal and external stakeholders are taken into account. The Committee's membership in 2018 was as follows:

- > Chief Financial Officer / Chief Operating Officer (Chairman of the Committee)
- > General Counsel (Deputy Chairperson of the Committee)
- > Group CSR Manager (Secretary)
- > Chief Human Resources Officer
- > Finance Director – Strategic Projects and Compliance
- > Internal Audit and Risk Director.

The Committee meets quarterly, while 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 2018, the Committee held five meetings.

Business Code of Conduct

The Code 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.

In 2017, we reviewed, updated and aligned our Code and policies with the ten principles of the United Nations Global Compact on the four issue areas of Human Rights, Labor, Environment and Anti-Corruption and the OECD Guidelines for Multinational Enterprises, in order to better serve the interests of a broader set of stakeholders and raise awareness about our responsible and sustainable operation.

The Code is available in English and French and can be found on our intranet and our corporate website. It applies equally to full-time, part-time, temporary employees and contractors globally. The Code 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. In 2018, we achieved an acknowledgment rate of 99.6% for the Code.

Employees are also required to complete the mandatory trainings upon joining and as of 2019 all employees will be required to repeat every 12 months. The objective of the Code is to ensure that all stakeholders are aware of the behaviors that are expected from them. The CSR and Ethics Committee is charged with monitoring the compliance with the Code.

Temenos requires Partners to comply with the Temenos Business Code of Conduct as respective compliance requirements are included in the Services Partner agreement. Temenos requires all new suppliers to comply with the Temenos Business Code of Conduct and the Temenos Supplier Code of Conduct. For the existing suppliers Temenos will require to gradually comply with the Code and related policies and to verify compliance by providing respective information when requested.

Operating responsibly continued

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 expected to complete training on the Code as well as on three other areas, such as Anti-corruption and Bribery, Data Privacy and Security Awareness. The increased focus and communication of the Code and related policies by our senior management and HR in 2018 had a positive impact on our Ethical Business Conduct compliance.

GLOBAL TEMENOS TRAINING COMPLETION PERCENTAGE*

● Business Code of Conduct Acknowledgment	99.6%
● Business Code of Conduct Training	99.0%
● Anti-Corruption and Bribery Training	99.3%
● Data Protection Training	98.9%
● Security Awareness Training	98.6%

* Excluding Avoka employees.

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. Temenos' zero tolerance on corruption and ethical standards are set out in our Code and our Anti-Bribery and Corruption (ABC) policy which apply to all Temenos employees and group entities.

The Temenos Anti-Corruption and Bribery policy 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 Business Conduct training that all employees have to take when joining Temenos and to repeat regularly during their employment with Temenos. By 31 December 2018, 99.3% of employees (including Executive Chairman, Executive Committee and Leadership team members) have completed the training (0.7% is accounted for new joiners with a three-month grace period from their hire date).

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. As part of our on-going 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. Since 2016, we have implemented mandatory requirements for

screening and conducting due-diligence assessments of our business Partners and suppliers, while introducing a risk assessment tool for our suppliers to identify the level of risk associated with bribery and corruption, ensuring that we can only engage with those that are legitimate businesses with a reputation for integrity.

The updated Code addresses our policies with regards to 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-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. All charitable contributions, donations and sponsorships require the prior review and written approval of the CSR and Ethics Committee.

We continue to operate on the updated anti-corruption framework and guidelines when engaging with third-party representatives that introduce Temenos to new markets and projects, both in terms of the Introducer scoring mechanism as well as the level of documentation required to be submitted in support of Introducer related activities, including an obligation to document the activities and communications undertaken when working with Introducers. The new Introducer scoring mechanism is based on three assessment criteria. More specifically:

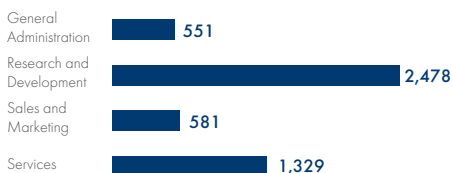
1. Quantitative Criteria

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.

ANTI-BRIBERY AND CORRUPTION STATUS

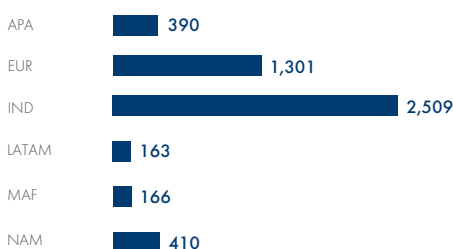
BY FUNCTION



% BY FUNCTION



BY REGION



% BY REGION



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 criteria

- > 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. In 2017, we engaged a third party external audit company to benchmark our Anti-Corruption and Bribery compliance organization, including an examination on the design, implementation, processes and internal controls in that respect. This benchmark was part of our commitment to ensure that our Anti-Corruption and Bribery compliance program is continuously improving, in line with best practices and our continually evolving business.

In 2018, no case of corruption was drawn to the Board's attention through the anonymous reporting mechanism.

Export Controls and Sanctions

Temenos complies with all applicable export control laws and sanctions worldwide when conducting business around the world. 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.

In 2018, Temenos' Sanctions Compliance Program, conducted internally by implementing Temenos' own compliance solution "FCM" in a corporate environment, was further enhanced. Due to enhancement, we now have the capability to analyze within 24 hours all business opportunities at an early stage of development for sanctions risks and continue to analyze them through their evolution as a business opportunity and thereafter as a client. On a daily basis, updated sanctions lists provided by Dow Jones are uploaded to the FCM Solution, and all business opportunities and clients are now checked daily.

Conflict of Interest and Related Party Transactions

Conflicts of interest in both the public and private sectors 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.

Conflict of interest has been an important part of the Code since its launch. In 2017, a separate policy was created which was directly linked to the Code. The policy describes in detail the voluntary and mandatory 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 which 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.

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, to investigate them fully and take appropriate action to remediate.

Temenos offers employees, Partners and suppliers ways to report compliance concerns. If instances of possible non-compliance with the Code 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.

There is an anonymous reporting mechanism in place through: anonymousreporting@temenos.com.

Preventing retaliation is critical for Temenos. The Company has an open-door policy and strictly prohibits retaliation against those who raise a compliance concern in good faith. Retaliation for raising questions or issues is prohibited, even if an investigation does not ultimately validate the concerns raised. Temenos is committed to handling all inquiries discreetly and preserving the anonymity and confidentiality of anyone requesting guidance or reporting a possible violation to the extent possible and within the limits allowed by the laws.

In addition, an appeal process to the CSR and Ethics Committee was introduced, whose decision is final and binding. Failure to act in compliance with the Code can result in appropriate disciplinary actions. All filed cases have been successfully resolved.

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. Internal audits are conducted by the Internal Audit function according to a risk-based plan.

It is management's responsibility to design, implement and operate effective risk management practices and controls. This is achieved through regular assessment of risks, carrying out control activities such as segregation of duties, supervision, staff training, communication and monitoring. It is the role of Internal Audit among others, to evaluate effectiveness of risk management and internal controls, assess compliance with policies and procedures and provide assurance to senior management and Board of Directors.

All Temenos employees, contractors, Partners and suppliers are required to fully cooperate with Internal Audit if and when requested and to provide access to all records, property and personnel as stated in the Internal Audit Charter approved by the Audit Committee.



	No. of grievances in
Employee concerns	2018
Workplace discrimination concerns (perceived-feeling of discrimination)	2
Other workplace concerns (failure to comply with legal obligations, such as breach employment law or human rights obligations)	0
Fraud, theft, bribery or other ethical misconduct	0
Health and Safety or perceived damage to the environment	3
Violation of the Temenos Business Code of Conduct	3
Actual, potential or perceived conflict of interest	0
Total	8

Operating responsibly continued

INFORMATION SECURITY AND DATA PRIVACY

Security and data privacy continue to be a focus for corporations, regulators, industry organizations and advocacy groups across the globe. Regulatory requirements, stakeholder pressures and reputational impacts, due to high profile data security breaches in recent years, have thrown into the spotlight the importance of having robust safeguards in place for personal, corporate as well as client data.

As a market leading software provider for financial institutions globally, Temenos recognizes that information security and data privacy is a material issue for our stakeholders, as it is a fundamental aspect of our product offering and business operation. To that end as part of our continuous improvement program for Information Security and Privacy, in early 2019 a Chief Security Officer reporting to the CEO, was introduced, responsible for the wider Temenos Security agenda, including cloud and IT security, privacy, compliance and business continuity.

Privacy

Key highlights for 2018 include:

- > Aligning our product offering with the Customer Data Protection Module. The Temenos Customer Data Protection module provides clients the tools and functionality to assist their compliance to the General Data Protection Regulation (GDPR), and therefore more control, of personal data and processing throughout the systems. Applying our functional and technical understanding of the rules of data protection and our experience of working within the financial sector, we assist clients to analyze business models to help them understand the practical and financial implications of the new Regulation and develop strategies for dealing with such implications within their usage of Temenos products. It is the responsibility of the client itself to ensure internal policies and procedures are in place across all systems to ensure privacy compliance.
- > To comply with GDPR, data security and other related local laws, we implemented a global information security and data privacy program accompanied by supporting policies and procedures designed to safeguard the confidentiality, integrity and availability of data and IT services. We continuously monitor our internal processes, run key compliance projects and conduct training to our people. Our goal is to raise awareness about integrating security into their day-to-day activities and adapting their behaviors accordingly to today's increasingly complex information technology landscape.
- > We embedded Security and Data Privacy awareness throughout the organization. In developing the Temenos Data Protection and Privacy Policy, Temenos promotes a culture of security and awareness relating to personal information, which is supported by additional procedures designed for our employees, contractors, Partners, suppliers and clients. Temenos Data Protection and Privacy Policy applies to all of Temenos worldwide. As part of the e-training modules that all employees and contractors have to take when joining Temenos and to repeat during their employment with Temenos – including data protection training modules aligned with the GDPR-, in 2018, we achieved a completion rate for the trainings of 99%. We also require Partners – included in the Services Partner agreement – to provide Security Awareness and Data Privacy trainings to all employees, working on Temenos projects.

- > We have incorporated Information Security and Data Privacy requirements into our Global Procurement Policy and procedure that includes two main initiatives for suppliers: sourcing process for supplier qualification and an annual supplier performance and risk assessment, covering areas such as business and ethical conduct, environment, human rights, impact on society, client privacy and information security apart from the financial and legal compliance requirements.
- > Temenos fully deployed its GDPR compliance plan, built around the following five fundamental questions:
 - > WHAT data are we processing?
 - > WHY do we process the data?
 - > WHERE do we process data?
 - > WHO do we share the data with or has access to the data, and for what purpose(s)?
 - > HOW do we protect the data?

Temenos GDPR compliance framework incorporates four principles: Assess, Protect, Sustain and Respond. Based on the above, all processes involving processing of personal data have been mapped and assessed for relevant risks. Furthermore, all data subjects can exercise their rights, as depicted by the GDPR.

- > We developed a three year Privacy Strategy and assess the Privacy Maturity of all involved Temenos functions, by analyzing:
 - > Privacy Strategy
 - > Governance
 - > Policy
 - > Risk
 - > Compliance
 - > Records of Processing
 - > Privacy Notice and Cookies
 - > Data Collection and Subjects' Rights
 - > Privacy by Design
 - > Sharing Transfer Disclosure
 - > Suppliers' Relationships
 - > Monitoring Enforcement
 - > Incident Management
 - > Privacy Awareness and Behavior
- > The leading Privacy Management Software "OneTrust" has been acquired and Privacy Compliance is monitored through its suite of modules (Readiness Assessment, Assessment Automation, Data Mapping, Cookie Consent, Data Subject Requests, Cookie Consent and risk Register).

Security

Key Highlights for 2018 include:

- > As part of the Temenos Information Security program, the Temenos office sites in India performing Requirement analysis, Design, Development, Testing, Implementation, Supply and Maintenance of our products along with Client support, Product related consultancy and management. Shared Service Center and related support processes as well as Rubik are certified as ISO 27001 compliant. In addition, Temenos maintains SSAE18 attestations for controls related to clients' data. This covers Temenos India offices, Temenos Romania, Temenos UK, Temenos Australia and newly acquired Avoka. In addition, as part of our longstanding commitment to ensuring the privacy and security of the data we handle, Temenos also conducts annual audits, which outline and document the adequate internal controls for information security and data privacy. These audits are carried out for our data centers and infrastructure services as well. The results of these audits are communicated to senior management as well as the Board of Directors through the Audit Committee.

- > Temenos developed robust security incident management procedures, in order to minimize the impact of any incident for its clients and their end users.
- > Temenos completed a number of significant security infrastructure upgrades that enhance our perimeter security and user access control.
- > The Security and Privacy Governance Group has been strengthened by creating the position, and appointing the Director of Privacy and Security, as an ultimate goal to spearhead Temenos' privacy compliance programs and all aspects of privacy security across the Temenos Group. As part of his remit, the Director chairs the Privacy and Security Committee. He is responsible for reporting on privacy and security related initiatives to the Audit Committee. The Director, together with the Committee, ensures that Temenos has effective and established policies, guidelines and standards that comply with the laws, rules and regulations of the countries in which the Company operates and with international standards.

The Committee's purpose is to oversee our senior management's efforts to implement global information security and privacy compliance programs within the Temenos group. The Committee's role is to recognize that developing a culture of security and awareness of privacy and personal data among all employees is the responsibility of all involved within the organization. The responsibilities of the Security and Privacy Committee include overseeing global security and data protection efforts with the objective of ensuring 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. In addition, its role is to assess all security incidents, including incidents that may result in the breach of personal data, contain them and take immediate action in order to rectify the situation. Its membership in 2018 consisted of, in majority, senior management executives, including the Privacy and Security Director, Head of IT, Head of Product Security, IT Security and Compliance Manager, General Counsel, Chief Human Resources Officer, Data Protection Compliance Lead, Head of Internal Audit and Risk. The Committee held nine meetings during 2018, ensuring the involvement and engagement of Temenos Senior Management.

Temenos Information Security team works alongside the Temenos Security and Privacy Committee and the Product Security team in order to develop and oversee the implementation of information security controls to ensure data confidentiality, integrity and availability. In parallel, the Committee has developed the Temenos Security Incident Management Procedure, which describes the framework for early detection and responding to security incidents. Depending on the nature of the incident, this procedure outlines the steps to be taken when security incidents are identified or reported and establishes the organizational requirements, including roles and responsibilities for incident processing and protection. An incident is initially classified as of low, medium or high severity, which dictates the course of action to be taken, within a 24-hour window. All incidents are being archived and are followed by post incident reports, in order to ensure that all necessary measures have been put into effect.

2019 Goals

- > To continue to improve our Information Security and Data Privacy program.
- > To achieve industry certifications, e.g. ISO 27001.

RESPONSIBLE PROCUREMENT

At Temenos, we constantly support responsible procurement by building strong and long-lasting partnerships with our suppliers, while gaining their understanding and support for our policies and our responsible way of sourcing. We build and maintain relationships with both small local suppliers as well as large international suppliers who adhere to our business principles, while encouraging our suppliers to develop their own responsible practices.

As a global software company, our business focuses on providing software solutions and services by relying on the sourcing of finished products, services and consultants for the delivery of our projects. Our supply chain includes a supplier base of around 3,000 suppliers globally and is tiered based on the nature of the supply and criticality for Temenos business. The estimated monetary value of payments made to suppliers in 2018 was around USD 195 million.

The suppliers that are critical for our business are defined as follows:

- > Supplier that provides goods and/or services which are supplied to our clients
- > Supplier which has access to and/or processes our Employee or Company data
- > Supplier that connects to our Company systems or requires access to Temenos intellectual property or confidential information
- > Supplier that provides technical or IT services and/or software products which involve intellectual property licensing.

In 2018, the procurement lifecycle in Temenos has become an end-to-end Source to Pay (S2P) process that includes the sub-processes of Sourcing, Purchase and Payment. We have successfully transitioned to a centralized procurement model by having a Global Procurement Team that oversees the sourcing process and drives the purchase activities at Company level. The Team has a structured and transparent approach, emphasizing on supply market analysis and negotiations' expertise.

In addition, the Team exercises responsible procurement practices between Temenos and its suppliers by conducting Supplier Performance and Risk Assessment activities. The Supplier Performance and Risk Assessment activities are part of our centralized governance model for Supplier Relationship Management that allows us to get to know our suppliers and to build strong and trusting partnerships with them. Temenos uses a Supplier Questionnaire that covers areas such as business and ethical conduct, environment, human rights, impact on society, client privacy and information security as well as financial and legal compliance requirements. The Supplier Questionnaire is also aligned with the 10 principles of the UN Global Compact and the EU General Data Protection Regulation 2016/679 and is used both during the supplier qualification process and the annual Supplier Performance and Risk Assessment activities.

In 2018, we implemented Supplier Performance and Risk Assessment to approximately 200 of our top suppliers and assigned a performance and risk score to 84% of the suppliers, while not proceeding with contract renewals for 17% of the suppliers.

In 2018, we also developed a procurement category management framework with defined category plans in order to understand our spend categories better and help us perform our sourcing in ways that go beyond one-time events. As a first step in our procurement category management framework, we set up an electronic Procurement Database containing supplier relevant documentation and contracts.

Temenos has a Supplier Code of Conduct which is linked to our company's Business Code of Conduct. The Supplier Code of Conduct lists the requirements for our Suppliers on how to adhere to our business principles, while encouraging them to develop their own responsible practices. On the Temenos website our Suppliers can find all necessary resources to do business with Temenos (i.e. Purchase terms and conditions, Supplier code of Conduct, invoicing guidelines, grievance mechanism).

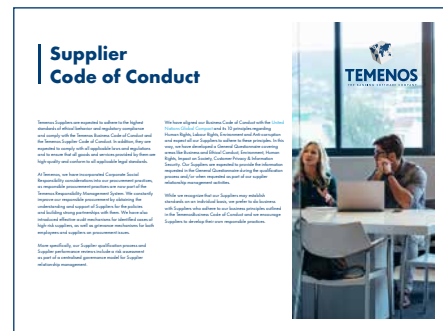
Temenos suppliers are also encouraged to communicate any concerns they might have related to a possible breach of the Temenos Business Code of Conduct through the Anonymous Reporting mechanism. Employees work only with company approved suppliers and Partners, avoid all forms of one-sided preferential treatment of a supplier and have the Anonymous Reporting mechanism to report any concerns they might have related to a possible breach of the Company-supplier/Partner business relationship.

Spending on Local 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	% purchases from local suppliers 2018
India	92%
United States	93%
United Kingdom	93%
Romania	64%
Australia	86%
Luxembourg	58%
Singapore	77%
Switzerland	33%
Canada	74%
United Arab Emirates	57%
China / Hong Kong	94% / 70%
Germany	80%
Ecuador	54%
France	62%
Greece	53%

The reported data below contains all purchases done 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.



2019 Goals

- > To communicate internally our Global Procurement Team's role as a trusted advisor in order to enhance cost-avoidance capabilities and support business objectives effectively
- > To implement our procurement category management framework for the targeted spend category in order to meet value objectives including cost avoidance and compliance management
- > To investigate the market for strategic sourcing application suites that meet our needs for supply base management
- > To further enhance our Supplier Relationship Management activities by implementing Supplier Performance and Risk assessments for the targeted category of suppliers.

SOURCING

PURCHASE

PAYMENTS



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 operations.

In 2018, we continued our systematic approach through our commitment to measure our global environmental footprint, implement mitigation and reduction initiatives and report on our progress.

Temenos has 67 offices in 41 countries. All Temenos offices are located in large leased office buildings close to city centers and outside protected lands and habitats. Some of the large leased office buildings are already certified for their environmental performance on their own initiative. The Temenos offices are designed internally in such a way as to fully utilize natural resources, such as sunlight or make efficient room 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.

In 2017, we introduced a Global Environment policy, as part of the Temenos Business Code of Conduct. While our footprint is smaller compared to other resource-intensive industries, we are committed to continuously identifying opportunities to increase our energy efficiency and reduce GHG emissions. In 2018 we developed a Global Environmental Management System (EMS) and aligned it with international standards. We have successfully implemented the EMS in the Company's three offices in India (Chennai and Bangalore), which account for 52% of the total global employee workforce and are the hub of its product development activities. In addition, we received ISO 14001:2015 certification for these three India locations. As part of our global CSR strategy, we are in the process of implementing the EMS to additional offices starting with major locations in Europe. This will increase the certification coverage of our business operations globally.

In addition, we set up an EMS Desk, an internal Company-wide mechanism in order to map our environmental footprint in relation to business travel, employee commute, energy and water consumption and waste generation and introduce ways to conserve resources in select locations globally with the largest employee concentration. Since 2017, we have started measuring and reporting on our actual direct and indirect energy consumption (electricity, heating, cooling) in our Temenos offices. For 2018, we have measured and reported the energy consumption and GHG emissions in the top 15 significant countries based on December 2018 headcount, with more than 50 employees in the country, representing 92% of the total Temenos population. We are in the process of intensifying our EMS Desk efforts to establish a systematic way to measure and report on our water consumption and waste generation with the cooperation of the building owners, where our offices are located globally.

In addition, as an IT software company we rely on our people who travel to deliver our services, so we have measured our environmental footprint in relation to business air travel for all the countries we operate, representing 100% of the total employee concentration. In 2018, we launched an internal employee commute survey to measure and report our indirect environmental footprint in relation to employee commute, using their personal means of transportation to commute daily to our office locations globally.

No instances of non-compliance with environmental laws and regulations occurred in 2018.

Carbon Footprint:

The primary sources of our emissions are onsite electricity generation, purchased electricity, employee commute and business travel. The total energy consumed during 2018 is 31,066.42 GJ. The direct energy consumption by primary energy source is 812.78 GJ. The indirect energy consumption by primary source is 30,253.65 GJ. Our annual absolute greenhouse gas emissions (GHG) are at 34,654.75 tCO₂e. We are establishing reliable systems to monitor other emission such as NO_x, SO_x, and Ozone Depleting Substance (ODS). All GHG figures in the report are in tons of carbon dioxide equivalents (CO₂e).

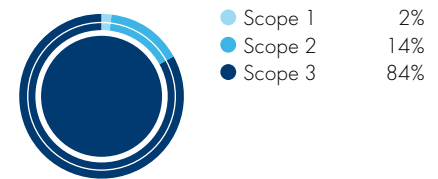
EMISSIONS ACTIVITIES	SCOPE	EMISSION SOURCE
Onsite Electricity Generation – Diesel Fuel	Direct (Scope 1)	Diesel-operated generator sets
Purchased Electricity	Energy Indirect (Scope 2)	For Office use
Employee Commute	Other Indirect (Scope 3)	Employees' personal vehicles*
Business Travel	Other Indirect (Scope 3)	Commercial airlines

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

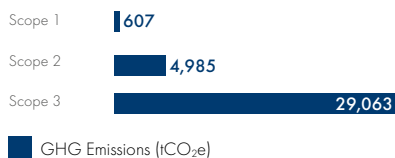
ENERGY IN GJ



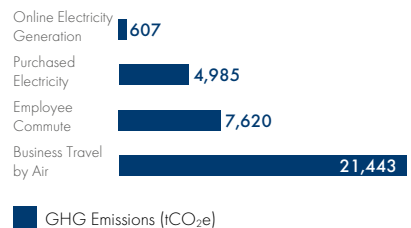
GHG EMISSIONS (tCO₂e)



TOTAL GHG EMISSIONS (tCO₂e) – 2018



GHG EMISSIONS BY ACTIVITY (tCO₂e)



* For more information on the calculations, please refer to About this Report on page 80.

Carbon Neutrality:

In 2018, as part of our environmental responsibility strategy and in line with our commitment to measuring our global impact and implementing mitigation and reduction initiatives, we set internal targets to reduce energy consumption and invest in offset projects for the carbon we cannot reduce or replace.

For the past two years, as a part of Energy Savings Opportunity Scheme 2015 requirements, we engaged a third party to conduct an Energy efficiency audit in line with BS EN 16247 standard at all our five UK offices and identified opportunities to improve our energy efficiency. As a result, by the end of 2018, we achieved close to 35% energy reduction as compared to last year.

As an IT software company we rely on our people who travel globally to deliver our services. So business travel by air constitutes our biggest environmental impact that cannot be easily reduced.

After having fully mapped our environmental footprint in relation to business travel, we decided to offset our carbon footprint through purchase of voluntary emission reduction certificates generated from a Wind Power project in Tamilnadu in India, a material location for Temenos, where our two Chennai offices are located. This offsetting project, coordinated by the Tamilnadu Spinning Mills Association (TASMA) focuses on renewable power generation (wind and solar) and complies with the Verified Carbon Standard (VCS), a global standard for GHG emission reduction and removal projects and programs. The VCS Program is the world's leading voluntary program for the certification of GHG emission reduction projects. The TASMA project, apart from the environmental benefit, it offers social benefits to the local population by improving access to clean energy, education, and healthcare – all in alignment with the 17 UN Sustainable Development Goals (SDGs).

Waste Management:

Being an IT software company, due to the nature of our business, waste generation is fairly 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 waste like batteries, waste lube oil, etc. 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. We have started working with the building owners to optimize waste management procedures, while encouraging our employees to recycle in our offices globally. Used IT equipment is cleaned of all data and software and it is either donated to non-governmental organizations or disposed in an eco-friendly manner through an authorized and certified recycler.

2019 goals

- > To roll out our EMS to additional locations in Europe and increase the ISO 14001:2015 certification coverage
- > To measure and report our water footprint in cooperation with the building owners globally
- > To measure and offset the emissions from our two biggest Temenos events: Global Sales Meeting and Temenos Community Forum
- > To implement energy efficiency measures in offices with large employee concentration
- > To introduce an energy champion within each Temenos office responsible for rolling out an energy efficiency and training program.

CONTRIBUTION TO THE SDGs

EMISSIONS OFFSET THROUGH
COMMUNITY CARBON PROJECTS

21,442.50

tCO₂e (As of December 2018)