



Compensation Report

“I would like to thank our shareholders for the positive feedback we have received in our engagement sessions and at the 2019 AGM to our Compensation structure. The high proportion of “at risk” compensation linked to challenging performance measures has been appreciated and encouraged.

Further, the positive reaction to the changes in the management structure following the appointment of Max Chuard as CEO in February 2019 reaffirms the effort we have put into our succession planning.

A warm welcome to our new colleagues following the acquisition of Kony extending further the Temenos family to almost 8,000 people.”

Letter from the Chairperson of the Compensation Committee Company Performance and Growth

2019 saw a significant step again in the growth of Temenos with the acquisition of Kony. We have continued to grow shareholder returns by 130% over three years and 548 % over the last ten years. Below is the historical growth compared to the average of our peer group:

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

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

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

Employee Growth	2016	2017	2018	2019
Number of employees including externals	4,300	4,945	5,744	7,879
Growth year on year %		15%	16%	37%
CAGR growth 2016 to 2019				22%

Compensation Objectives

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

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

Benchmark

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

“At risk” Compensation Explained

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

The following table shows that while for short term compensation the thresholds and payouts are largely comparable between Temenos and our peer group, for long term compensation Temenos has far more stringent thresholds with significantly lower payouts than the peer group.

		Temenos Minimum	Temenos Maximum	Median Minimum for Peer group	Median Maximum for Peer group
Short term	Achievement	90%	125%	90%	108%
	Payout	0%	150%	0%	150%
Long term	Achievement	85%	120%	50%	150%
	Payout	0%	140%	0%	175%

Dilution and cost of Stock Appreciation Rights (SAR) programme

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

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

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

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

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

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

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

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

Continued improvements in Governance

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

Conclusion

Our compensation structure is built to motivate the executive team to deliver strong short and long term achievement. We continue to have stretch targets for 2020 at 15% growth on non-IFRS product revenues and non-IFRS EPS. 87% of compensation is dependent on delivering on these targets. In addition, the SAR plan ensures that realized value is correlated to shareholder results, since the SAR plan delivers value to the executives only if the share price increases.

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

We look forward to receiving your support at the AGM.

Sergio Giacometto-Roggio

Chairperson of the Compensation Committee



Compensation Report continued

A. Compensation policy and principles

A.1. Compensation objectives

This report has been prepared in accordance with articles 13-17 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies.

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

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

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

Executive compensation consists of:

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

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

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

A.2. Organization and competencies

Executives

The Executives who served in the 2019 financial year are:

Board of Directors:

- Andreas Andreades, Executive Chairman

Executive Committee:

- David Arnott, Chief Executive Officer (CEO) until 28 February 2019
- Max Chuard, Chief Executive Officer (CEO) from 1 March 2019, Chief Financial Officer and Chief Operating Officer (CFO/COO) until 28 February 2019
- Panagiotis "Takis" Spiliopoulos, Chief Financial Officer (CFO) from 31 March 2019
- Jean-Michel Hilsenkopf, Chief Operating Officer (COO) from 12 February 2019, Chief Revenue Officer (CRO) between 12 January 2018 and 11 February 2019
- André Loustau, Chief Technology Officer (CTO)
- Mark Winterburn, Chief Product Officer (CPO)
- Alexa Guenoun, Chief Client Officer (CCO) from 12 February 2019
- Thomas Hogan, President North America, from 25 September 2019

The Executive Chairman and the Executive Committee are hereinafter referred to as the 'Executives.'

Non-Executive Directors

The Non-Executive Directors who served in the 2019 financial year are:

- Sergio Giacoletto-Roggio, Vice Chairman
- Ian Cookson
- Erik Hansen
- George Koukis
- Thibault de Tersant
- Amy Yip
- Peter Spenser

A.3. The role of the Compensation Committee

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

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

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

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

In 2019, the Compensation Committee met four times as per the above cycle.

The Compensation Committee comprises four Independent and Non-Executive Directors:

- Sergio Giacoletto-Roggio, Chairman
- Ian Cookson
- Erik Hansen
- Amy Yip

The Compensation Committee members are elected annually by shareholders.

Approval process

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

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

Benchmarking process

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

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

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

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

A large part of the Comparator Group are companies based in the USA. This is due to the fact that the majority of the global software players originate in the USA and therefore they represent a significant part of our direct competitors. Very few software companies remain in Europe.

The following 17 companies are those used for the benchmark:

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



Compensation Report continued

Shareholder engagement

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

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

Votes on compensation

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

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

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

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

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

B. Pay for performance appraisal

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

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

2019 Executive Chairman and Executive Committee



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

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

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

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

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

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



Targets have always been set at challenging levels and reflect long term performance in order to maintain the direct link between pay and performance. Since 2013 the Company has performed exceptionally, the metrics since 2016 being shown in the letter of the Chairperson of the Compensation Committee on page 110 and this is reflected in the payouts of the schemes.

C. Compensation components

C.1. Summary of Compensation elements for employees

The table below explains the compensation elements for 2019:

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



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

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

Fixed salary

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

Benefits

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

Variable Short Term Incentive

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

Variable Long Term Equity Incentive

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

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

C.3. Summary of Key Compensation changes in 2019

- The main change in 2019 was the resignation of David Arnott in February 2019 and subsequent restructuring of the Executive Committee, followed by the addition of Tom Hogan to the Executive Committee on 25 September 2019.
- Mr. David Arnott had a 12 month notice period. His LTIPs vested on a pro-rata basis up to the end of this period.
- Mr. Max Chuard was appointed as CEO effective 1 March 2019 and his compensation adjusted from that date onwards in line with Mr. Arnott's package.
- Mr. Panagiotis "Takis" Spiliopoulos was appointed on 31 March 2019. He was given a pro rata bonus for 2019 and in addition was given a special sign-on bonus of CHF 350,000 to compensate for losing stock related compensation from his previous employer.
- Mr. Jean-Michel Hilsenkopf was promoted from CRO to COO effective 12 February 2019 and his compensation adjusted from that date. Ms. Alexa Guenoun was appointed on 12 February 2019 as CCO with responsibility for services, partners and client support. This is a new role on the Executive Committee since Max Chuard covered this prior to his appointment to CEO.
- Mr. Thomas Hogan was appointed on 25 September 2019 as President North America following the acquisition of Kony. North America is a strategic market with high growth expectations for Temenos and as such warrants a role on the Executive Committee.
- The Short Term Variable included in the compensation is pro rata for their tenure in the Executive Committee for all executive committee members. The LTIP grant included is the full value to deliver the three year plan, that is no pro rata calculation has been made for the different joining dates.

C.4. Variable Short Term Incentive

The incentive for 2019 is due in cash on approval of the results for the financial year 2019 by the Board of Directors.

Performance criteria

Annual targets for Executives are set by the Board based on recommendations by the Compensation Committee.

For 2019, the short term incentive plan was based on the following targets:

- Non-IFRS software licensing (40%)
- SaaS ACV (15%)
- Non-IFRS EPS (20%)
- Operating cash flow (25%)

On-target performance is rewarded at 100% of fixed salary. Final overall payout for the Executives is 79%. The targets and respective achievements are set out in the table below:

2019 Target	Percentage of Bonus	Target USD	Actual USD	Threshold	% of Achievement	% To be paid
Non-IFRS software licensing	40%	432m	445m	90%	103%	106%
SaaS ACV ¹	15%	17m	17m	90%	101%	102%
Non-IFRS EPS	20%	3.39	3.47	90%	102%	105%
Net Operating Cash flow	25%	420m	364m	90%	87%	0%
Total						79%

⁽¹⁾ ACV target excludes certain non-core products.

Annual incentive payouts for other senior managers are based on a mix of corporate and specific regional objectives.

C.5. Long Term Equity Incentive

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

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

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

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

The tables below provide an overview of the schemes in place together with their performance criteria and pricing. The level and value of awards is commensurate with an Executive's contribution to the business.

Overview of Executive SAR schemes

The Schemes that are not vested as at 31 December 2019 are outlined in the table below, including 2019 scheme granted in this compensation year:

Year of Grant	No. of SARs awarded for Executives ¹	Exercise Price USD	Fair Value USD	Grant Date	Vesting date
2019	520,085	136.94	33.76	13 February 2019	On Board of Directors approval of the results for the year ending 31 December 2021
2019	70,000	147.43	32.10	30 March 2019	On Board of Directors approval of the results for the year ending 31 December 2021
2019 ²	50,000	144.77	32.63	18 October 2019	31 December 2022 but not exercisable until Board or Directors approval of results for the year ending 31 December 2022
2018	635,400	127.00	30.10	14 February 2018	On Board of Directors approval of the results for the year ending 31 December 2020
2017	974,600 plus overachievement of 20%	70.87	16.03	15 February 2017	On Board of Directors approval of the results for the year ending 31 December 2019, ie 12 February 2020

¹⁾ The number of SARs granted includes the number of SARs granted to those who were Executives at the time of grant, this is not equal to the current members.

²⁾ Mr. Hogan was given SARs directly linked to the acquisition of Kony. The performance targets were for 2020-2022 with vesting on 31 December 2022 (which is greater than our standard three years) and exercisable on Board of Director approval of the results for the year ending 31 December 2022. Since his resignation the SARs have been forfeited.

Vesting conditions

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

The targets for the SAR schemes are outlined below:

KPI	Weighting 2017 SARs	Weighting 2018 and 2019 SARs
Non-IFRS EPS Targets	60%	40%
Non-IFRS Product Revenues	40%	60%

The targets for the 2019 plan for non-IFRS EPS are based on a CAGR of 15% for the three year period to the vesting of each grant and for non-product revenues are based on a CAGR of 14% for the three year period to the vesting of each grant. This has been increased from the 13% growth for the 2018 plan as the business continues to accelerate. Mr. Hogan was given SARs directly linked to the acquisition of Kony with targets for the growth in the Americas region. Since Mr. Hogan has resigned effective 12 February 2020 and his SARs are forfeited the targets are no longer relevant and therefore not disclosed.



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Vesting outcome

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

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

Over/under achievement of SAR schemes

For achievement between 85% and 100% of target a pro-rated reduced amount will vest. For every 1% overachievement of the three years cumulative non-IFRS EPS and non-IFRS product revenue target, an additional 2% of SARs may be granted up to a maximum of 140% of the total grant. For every 1% underachievement, 6.67% of the number of SARs are forfeited.

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

Cumulative non-IFRS EPS or non-IFRS product revenues: Achieved as % of Cumulative target	85%	92.5%	100%	110%	120%
Proportion vesting	0%	50%	100%	120%	140%

Achievement of the 2017 SAR scheme

Under the 2017 SAR scheme, which vested on 13 February 2020, the non-IFRS EPS performance targets and respective achievements were:

Year	Target USD	Actual achievement USD	Growth on prior year
2017	2.27	2.45	18%
2018	2.62	2.95	20%
2019	3.13	3.47	18%
Cumulative	8.02	8.87	19% CAGR
Achievement for non-IFRS EPS		111%	

The non-IFRS product revenue cumulative performance target and cumulative respective achievements were as follows:

Year	Target USD m	Actual achievement USD m*	Growth
Cumulative 2017-2019 non-IFRS Product Revenues	1,896	2,062	16% CAGR
Achievement for non-IFRS Product Revenues		109%	

* Actual results are restated at constant currency compared to plan.

The combined payout for the 2017 SAR plan as a result of overachievement on both KPIs is as follows:

Combined Payout for 2017 SAR plan	Weighting	Actual achievement	Payout
Cumulative 2017-2019 non-IFRS EPS	60%	111%	121%
Cumulative 2017-2019 non-IFRS Product Revenues	40%	109%	118%
Combined Achievement and Payout		110%	120%

C.6. Share ownership

The following minimum amount of shares must be held:

Executive Chairman	4 times annual fixed salary
CEO	5 times annual fixed salary
CFO	2 times annual fixed salary
COO, CTO, CPO, CCO	1 time annual fixed salary

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

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

The shareholdings are shown in section F.1.

C.7. Dilution and Capital Requirements

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

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

Proxy advisors such as ISS consider cumulative dilution to be acceptable at 5% and 10% for fast-growing companies. The total cumulative dilution as of 31 December 2019 from all outstanding SARs, stock options and STI shares has been calculated based on various simulations in the table in the Compensation Committee Chair's letter on page 111. Note that 3.1 million of the SARs are included already in the EPS dilution.

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

C.8. Contract terms for the Executive Chairman and Executive Committee members

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

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

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

C.9. Compensation elements for Non-Executive Directors

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

Compensation Report continued

D. Compensation for financial year under review – audited

This section (section D on pages 120 to 122) has been audited by Temenos' auditors, PricewaterhouseCoopers SA.

As individuals are paid in currencies other than US dollars, the amounts in the tables below are converted into US dollars using the average exchange rate for 2019 and the average exchange rate for 2018 respectively. Comparison between these two years may be distorted through the exchange rate fluctuations.

The LTIP value included in the compensation tables below represents the full fair value of the on-target achievement at the time of grant i.e. for 2019 it includes 100% of the fair value of the 2019 grant calculated by a third party using the binomial method. The SARs grant (number of SARs) is only realized if (i) non-IFRS EPS and non-IFRS product revenue targets are achieved AND (ii) the time vesting criteria have been satisfied.

For any value to be realized by the executives, even if the SAR is granted, the stock price has to rise above the grant price. The valuation method, conditions and grant details are explained in the paragraph titled Compensation Components.

In order for the 2019 fair value (ie the LTIP value recorded in the compensation tables below) to be realized at 100% for the employee, the following conditions need to be satisfied:

- Non-IFRS Product revenues of at least 14% CAGR growth over the three years
AND
- Non-IFRS EPS CAGR growth of at least 15%
(or a different combination between the two in accordance with the weightings and over/under achievement)
AND
- Stock price CAGR growth of at least 7.6% compared to the grant stock price of USD 136.94, ie the 7.6% increase at 100% vesting will deliver a gain equivalent to the LTIP value in the tables below.

D.1. Board of Directors

The total compensation for the Board of Directors including social security charges totals USD 6.8 million compared to a total maximum compensation of USD 7.5 million approved by the shareholders at the Annual General Meeting on 15 May 2018.

Out of the total Executive Chairman's 2019 compensation of USD 5.9 million, USD 2.8 million has been earned, and the remainder will only be earned if the non-IFRS EPS and non-IFRS product revenue targets for the period 2020-2021 are achieved and the time vesting criteria have been satisfied. The amount earned includes the proportion of LTIPs at fair value for which targets have been achieved but not yet vested because vesting criteria have not yet been satisfied.

All numbers in USD Name Board Function	Year	Fixed fee/ salary	Variable short term incentive	All other compensation ¹	Total compensation before LTIP	LTIP value	Total compensation	Employer social security charges ²	Total compensation including social security charges		Maximum shareholder approval
A. Andreades ³ Executive Chairman	2019	629,174	497,048	142,482	1,268,704	4,679,136	5,947,840	9,179	5,957,019		
	2018	639,846	728,536	138,763	1,507,145	4,679,045	6,186,190	141,380	6,327,570		
S. Giacoletto-Roggio ⁴ Vice Chairman	2019	145,000	–	–	145,000	–	145,000	9,828	154,828		
	2018	145,000	–	–	145,000	–	145,000	9,716	154,716		
G. Koukis Member	2019	105,000	–	–	105,000	–	105,000	7,782	112,782		
	2018	105,000	–	–	105,000	–	105,000	7,712	112,712		
T. de Tersant ⁵ Member	2019	145,000	–	–	145,000	–	145,000	12,719	157,719		
	2018	145,000	–	–	145,000	–	145,000	12,616	157,616		
I. Cookson Member	2019	105,000	–	–	105,000	–	105,000	6,761	111,761		
	2018	105,000	–	–	105,000	–	105,000	6,673	111,673		
E. Hansen Member	2019	114,179	–	–	114,179	–	114,179	–	114,179		
	2018	114,160	–	–	114,160	–	114,160	–	114,160		
A. Yip Member	2019	105,000	–	–	105,000	–	105,000	6,761	111,761		
	2018	105,000	–	–	105,000	–	105,000	6,673	111,673		
P. Spenser Member	2019	105,000	–	–	105,000	–	105,000	–	105,000		
	2018	105,000	–	–	105,000	–	105,000	–	105,000		
Total Board of Directors	2019	1,453,353	497,048	142,482	2,092,883	4,679,136	6,772,019	53,030	6,825,049	7,500,000	
	2018	1,464,006	728,536	138,763	2,331,305	4,679,045	7,010,350	184,770	7,195,120	7,415,000	

⁽¹⁾ All other compensation includes life, medical, disability, accident insurances, pension and car allowance.

⁽²⁾ Social security charges comprise actual charges on base salary and other compensation, and estimated social security charges to be paid for bonus and LTIPs (based on the fair value) granted in the year of compensation.

⁽³⁾ Mr. Andreades' total compensation includes fees of USD 105,000 for his Board duties, the remainder represents compensation for his executive duties. Mr. Andreades' long term incentive plan compensation corresponds to the full fair value, as at grant, of the 2019 executive team SAR award. The variable short term incentive is 79% of the on-target amount, payable in February 2020. The LTIP for Mr. Andreades consists of 138,600 SARs which were granted on 13 February 2019 at a grant price of USD 136.94 and a fair value of USD 33.76 per grant.

⁽⁴⁾ Mr. Giacoletto-Roggio's fees comprise a basic fee of USD 105,000 (USD 105,000 for 2018) annually plus USD 40,000 (USD 40,000 for 2018) annually for his duties as Chairman of the Compensation Committee. He does not receive additional fees for his duties as Vice-Chairman of the Company.

⁽⁵⁾ Mr. de Tersant's fees comprise a basic fee of USD 105,000 (USD 105,000 for 2018) annually plus USD 40,000 (USD 40,000 for 2018) annually for his duties as Chairman of the Audit Committee.

D.2. Executive Committee

The total compensation for the Executive Committee including social security charges totals USD 24.6 million. Shareholders approved USD 23.1 million at the AGM on 15 May 2018. As per the Articles of Association, an additional 40% of the approved amount can be added in case of a new member joining the Executive Committee. With the addition of the roles of Mrs. Alexa Guenoun and Mr. Thomas Hogan we were therefore permitted to exceed the approved amount by up to 40%, that is USD 9.2 million, of which only USD 1.6 million was utilized. The compensation of the existing five roles was USD 20.6 million compared to the approved USD 24.6 million. The addition of Ms. Alexa Guenoun and Mr. Thomas Hogan is an additional cost of USD 4.0 million.

The total of all compensation, in US dollars, earned in 2019 and 2018 by the members of the Executive Committee is shown below. From the total compensation of USD 22.4 million, USD 10.7 million has been earned and the remainder will only be earned if the non-IFRS EPS and non-IFRS product revenue targets for the period 2020-2021 as set out in the report are achieved. The amount earned includes the proportion of LTIPs for which targets have been achieved even though the time vesting criteria have not yet been satisfied.

The Executive Committee members included in 2019 were Mr. Arnott until 28 February 2019, Mr. Chuard, Mr. Hilsenkopf, Mr. Loustau, Mr. Winterburn, Mrs. Alexa Guenoun joined the Executive Committee on 12 February 2019 and Mr. Thomas Hogan joined the Executive Committee on 25 September 2019. Mr. Chuard was promoted to CEO effective 1 March 2019 and is the highest paid member of the Executive Committee and of the Company.

The reason for the increase from 2018 to 2019 is as a result of the addition of Ms. Alexa Guenoun effective 12 February 2019 and Mr. Thomas Hogan joining the Executive Committee on 25 September following the acquisition of Kony. Mr. Thomas Hogan has received SARs in 2019 with specific targets for the Americas region for the years 2020, 2021 and 2022 as described in section C.5.

All numbers in USD Year	Base salary	Variable short term incentive ¹	All other compensation ²	Total compensation before LTIP	LTIP value ³	Total compensation	Employer social security charges ⁴	Total compensation including social security charges	Maximum shareholder approval
2019 ⁵	2,948,901	2,348,689	353,749	5,651,350	16,757,433	22,408,783	2,226,880	24,635,663	23,100,000 plus max of 9,240,00 for new member
2018	2,488,210	2,834,072	303,167	5,625,449	14,446,495	20,071,944	1,986,832	22,058,776	18,500,000 plus max of 7,400,00 for new member

⁽¹⁾ The variable short term incentive is 79% of the on-target payable amount. The variable short term incentive is payable in February 2020.

⁽²⁾ All other compensation includes life, medical, disability, accident insurances, pension and car allowance.

⁽³⁾ The LTIP for the Executive Committee consists of 640,085 SARs which were granted on 13 February 2019 at a grant price of USD 136.94 and a fair value of USD 33.76.

⁽⁴⁾ Social security charges comprise actual charges on base salary and other compensation, and estimated social security charges to be paid for bonus and LTIPs (based on the fair value) granted in the year of compensation.

⁽⁵⁾ Base salary includes the amounts paid to Mr. Arnott during his notice period.

D.3 Highest paid member of the Executive Committee

Mr. Chuard, our CEO, was the highest paid member of the Executive Committee in 2019 with compensation, in US dollars, as shown below. 88% of his total compensation in 2019 was variable and conditional upon the 2020-2021 performance targets to be achieved.

All numbers in USD Year	Base salary	Variable short term incentive ¹	All other compensation	Total compensation before LTIP	LTIP value ²	Total compensation	Employer social security charges	Total compensation including social security charges
2019 Mr. Chuard ³	747,592	627,465	79,602	1,454,660	5,674,549	7,129,209	586,428	7,715,637
2018 Mr. Arnott	823,239	937,669	68,497	1,829,405	5,674,452	7,503,857	647,832	8,151,689

⁽¹⁾ The variable short term incentive is 79% of the on-target payable amount. The variable short term incentive is payable in February 2020.

⁽²⁾ The LTIP for the CEO consists of 168,085 SARs which were granted on 13 February 2019 at a grant price of USD 136.94 and a fair value of USD 33.76.

⁽³⁾ Mr. Chuard's base salary is for two months as CFO/COO and ten months as CEO. On an annualized basis his total on target compensation would be the same as Mr. Arnott.



Compensation Report continued

D.4. Compensation in CHF

Pursuant to Article 958d alinea 3 of the Swiss Code of Obligations compensation amounts may be quoted in the most significant currency of the business activity, in Temenos' case it is USD, but must also be quoted in CHF. The amounts quoted below in CHF for the Board of Directors, the Executive Committee and highest paid Executive Committee member respectively are calculated taking the USD amount converted at the average exchange rate for the year. The exchange rate used in 2019 was 0.9946 (2018: 0.9784).

Function CHF	Year	Fixed fee/ salary	Variable short term incentive	All other compensation	Total compensation before LTIP	Long term incentive	Total compensation	Employer social security charges	Total compensation including social security charges
Board of Directors	2019	1,445,559	494,382	141,718	2,081,659	4,654,043	6,735,702	52,745	6,788,447
	2018	1,428,960	712,786	135,763	2,277,509	4,577,889	6,855,398	180,776	7,036,174

Function CHF	Year	Base salary	Variable short term incentive	All other compensation	Total compensation before LTIP	Long term incentive	Total compensation	Employer social security charges	Total compensation including social security charges
Executive Committee	2019	2,933,087	2,336,104	351,852	5,621,043	16,667,567	22,288,610	2,214,938	24,503,548
	2018	2,434,419	2,772,803	296,611	5,503,833	14,134,176	19,638,009	1,943,879	21,581,888

Function CHF	Year	Base salary	Variable short term incentive	All other compensation	Total compensation before LTIP	Long term incentive	Total compensation	Employer social security charges	Total compensation including social security charges
Max Chuard, CEO	2019	743,584	624,100	79,175	1,446,859	5,644,118	7,090,977	583,283	7,674,260
David Arnott, CEO	2018	805,441	917,396	67,018	1,789,855	5,551,776	7,341,631	633,827	7,975,458

D.5. Loans granted to members of governing bodies

As of 31 December 2019 and 31 December 2018 the Company has no outstanding loans to members of the Board of Directors and Executive Committee other than a bridging loan of USD 0.4 million to CPO which is to compensate his adverse tax position from his combined residence in both UK and Switzerland, where he spends time at the request of Temenos. No loans were granted to persons related to the Board of Directors or Executive Committee.

E. The year ahead: compensation of the Board of Directors and Executive Committee for 2020

At the Annual General Meeting in 2019, the shareholders approved total compensation including social charges for year 2020 for the Board of Directors of USD 7.8 million and for the Executive Committee of USD 27.2 million.

E.1. Changes that affect 2020 fixed compensation

The Executive Committee has been changed in 2020. Mr. Thomas Hogan, the President of North America, has resigned effective 12 February 2020. He will be replaced by Mrs. Alexa Guenoun as President of the Americas and Global Head of Partners, Mr. Colin Jarrett will take the position of Chief Cloud and Delivery Officer, responsible for Temenos' cloud and SaaS operations and global delivery of implementation projects. Mr. André Loustau will be stepping down with a view to retiring at the end of the year. Mr. Mark Winterburn will take over the responsibilities of Mr. Loustau in addition to those he holds currently. The new Executive Committee, effective from 12 February 2020, is as follows:

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

The compensation of the CEO, CFO and COO are increased in line with AGM 2019 approval, that is a 10% increase on LTIP. No other changes have been made. The compensation for the "CPO and CTO" and for the "President of the Americas and Global Head of Partners" have been increased to reflect their promotions.

- The Board fees paid to Non-Executive Directors and the fees for the Chairman of the Audit Committee and for the Chairman of the Compensation Committee are increased by 3% compared to 2019 representing an inflation increase and a small step towards aligning to the SMIM, our benchmark group for non-executives.
- The variable Short Term Incentive for the Executives will remain at a maximum of 150%.

E.2. 2020 Variable Short Term Incentive for Executives

For 2020, the performance metrics will remain the same as in 2019, but the weighting will be amended slightly with more focus on the SaaS target as this part of the business is highly strategic for Temenos and continues to grow at a fast rate, that is:

- 37.5% (2019: 40%) Non-IFRS Software Licensing
- 17.5% (2019: 15%) SaaS Annual Contract Value
- 20% Non-IFRS EPS
- 25% Non-IFRS Operating Cash

The targets are considered commercially sensitive and are not disclosed in advance.

E.3. 2020 Long Term Incentive Plan Awards for Executives

The LTIP award for 2020 was issued in February 2020. 40% of the award is comprised of non-IFRS EPS targets, 60% of the award is comprised of non-IFRS product revenue targets. The targets for non-IFRS EPS are based on a CAGR of 15% for the three year period 2020-2022. The targets for non-IFRS product revenues are based on a CAGR of 15% for the three year period 2020-2022. This is higher than the 13% CAGR growth for product revenues for the 2018 scheme and higher than the 14% CAGR growth for the 2019 scheme as the Board continues to drive stretch targets for management. The performance against those measures will be disclosed in the year of vesting. As approved by the shareholders, the maximum threshold for the LTIPs for the 2020 scheme was increased from 120% achievement resulting in 140% payout to 137.5% achievement resulting in 175% payout.

E.4. 2020 Compensation Plan components

For 2020, the split of aggregate compensation for the Executives at the on-target level is shown below. The majority of compensation (87%) is at risk and dependent on achieving the annual total software licensing, operating cash flow and annual non-IFRS EPS and non-IFRS product revenue targets for the 2020 to 2022 financial years. The only fixed compensation which is guaranteed is the fixed salary and benefits which, in aggregate amount to 13% of the on-target total compensation.

2020 Executives



The LTIP for 2020 is subject to delivery of the non-IFRS EPS and non-IFRS product revenue targets for the financial years 2020, 2021 and 2022 that are still at risk, hence not yet earned.

E.5. 2020 Share Ownership

Share ownership guidelines for the Board of Directors have been introduced in 2020. Non-Executive Directors must hold shares with a value equivalent to the annual retainer fee. This must be effective by May 2023. New Non-Executive Directors must adhere to this guideline within three years of election at AGM.



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F. Other information

F.1. Shareholdings and equity incentives

Non-Executive Directors

Name	Position	31 December 2019 Shares	31 December 2018 Shares
S. Giacobetto-Roggio	Vice-Chairman	9,000	9,000
I. Cookson	Member	15,500	15,500
T. de Tersant	Member	3,000	3,000
E. Hansen	Member	11,000	11,000
G. Koukis	Member	15,000	15,000
A. Yip	Member	-	-
P. Spenser	Member	-	-

Executive Chairman and Executive Committee members

Name	Position	Shares		Grant Year	Plan	Exercise price USD	Number of vested SARs 2019	Number of unvested SARs 2019	Number of unvested SARs 2018 ¹
		2019	2018						
A. Andreades	Executive Chairman	607,369	582,369	2016	2016 scheme ¹	43.69	393,707	-	393,707
					2016 scheme ¹	49.12	55,725	-	55,725
				2017	2017 scheme ²	70.87	-	349,469	291,900
				2018	2018 scheme	127.00	-	155,450	155,450
				2019	2019 scheme	136.94	-	138,600	-
D. Arnott ³	CEO until 28 February 2019	na	35,000	2016	2016 scheme ¹	43.69	na	na	523,328
					2016 scheme ¹	49.12	na	na	79,953
				2017	2017 scheme ²	70.87	na	na	354,000
				2018	2018 scheme	127.00	na	na	188,520
M. Chuard	CEO	75,000	65,000	2016	2016 scheme ¹	43.69	312,543	-	312,543
					2016 scheme ¹	49.12	42,399	-	42,399
				2017	2017 scheme ²	70.87	-	304,454	254,300
				2018	2018 scheme	127.00	-	135,430	135,430
				2019	2019 scheme	136.94	-	168,085	-
P. Spiliopoulos	CFO	-	na	2019	2019 scheme	147.43	-	70,000	na
J. Hilsenkopf ⁴	COO	13,766	-	2018	2018 scheme	127.00	-	92,000	92,000
				2019	2019 scheme	136.94	-	98,400	-
A. Loustau	CTO	8,298	3,673	2016	2016 scheme ¹	43.69	54,513	-	-
				2017	2017 scheme ²	70.87	-	35,198	45,000
				2018	2018 scheme	127.00	-	27,000	29,400
				2019	2019 scheme	136.94	-	37,000	27,000
M. Winterburn	CPO	3,975	3,975	2016	2016 scheme ¹	43.69	23,741	-	78,741
				2017	2017 scheme ²	70.87	-	53,875	45,000
				2018	2018 scheme	127.00	-	37,000	37,000
				2019	2019 scheme	136.94	-	41,000	-
A. Guenoun ⁴	CCO	-	na	2019	2019 scheme	136.94	-	37,000	na
T. Hogan	President North America	-	na	2019	2019 scheme	144.77	-	50,000	na

⁽¹⁾ The SARs granted under the 2016 scheme vested on 13 February 2019. The numbers above include the overachievement of 121%. 2018 has been restated to include the overachievement.

⁽²⁾ The SARs granted under the 2017 scheme vested on 13 February 2020. The numbers above include the overachievement of 120%.

⁽³⁾ Mr. Arnott stepped down from the Executive Committee on 28 February 2019. He did not receive any SARs in 2019 other than overachievement SARs for 2017-19 scheme since these vested during his notice period.

⁽⁴⁾ The SARs shown above for Mr. Hilsenkopf and Mrs. Guenoun only include outstanding SARs granted since appointment to the Executive Committee.

No options and/or shares were held on 31 December 2019 and 2018 by persons related to the members of the Board of Directors or the Executive Committee.

F.2. Options and SARs outstanding

The following table lists all options and SARs outstanding as at 31 December 2019. This includes the SARs outstanding for the Executive Chairman and Executive Committee members shown in the tables on page 124 and all other staff eligible for options and SARs.

Grant year	Plan	Exercise price USD ¹	Total number of outstanding SARs/ STI shares	Number of vested SARs	Number of unvested SARs	Number of unvested STI shares
2008	2008	20.63	1,097	1,097		
2009	2010	21.04	3,013	3,013		
2010	2010	23.04	9,569	9,569		
2010	2010	26.55	815	815		
2011	2011	13.81	28,427	28,427		
2011	2012	13.94	2,657	2,657		
2012	2012	11.76	4,835	4,835		
2012	2012	14.21	1,529	1,529		
2012	2012	15.52	4,342	4,342		
2012	2013	12.81	80,700	80,700		
2013	2013	16.71	15,210	15,210		
2013	2013	18.89	77,766	77,766		
2014	2014	35.33	19,000	19,000		
2014	2015	35.15	50,318	50,318		
2014	2015	35.45	76,337	76,337		
2015	2015	32.83	2,105	2,105		
2015	2015	35.34	2,500	2,500		
2015	2015	35.29	207,000	207,000		
2016	2015	46.53	7,177	7,177		
2016	2016	57.07	20,214	20,214		
2016	2016	43.69	886,383	886,383		
2016	2016	49.12	98,124	98,124		
2016	2016	57.07	138,174	138,174		
2016	2016	63.10	3,634	3,634		
2016	2016	65.92	7,191	7,191		
2017 ^{2,3}	2017	70.87	1,545,605		1,545,605	
2017 ^{2,3}	2017	75.04	11,972		11,972	
2017 ³	2017	80.86	2,394		2,394	
2017 ³	2017	88.81	1,197		1,197	
2017 ³	2017	90.20	17,959		17,959	
2017 ³	2017	101.86	1,197		1,197	
2017 ³	2017	103.74	17,959		17,959	
2018	2018	127.00	811,880		811,880	
2018	2018	127.68	2,500		2,500	
2018	2018	161.33	3,000		3,000	
2018	2018	164.00	5,000		5,000	



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Grant year	Plan	Exercise price USD ¹	Total number of outstanding SARs/ STI shares	Number of vested SARs	Number of unvested SARs	Number of unvested STI shares
2018	2018	138.63	1,000		1,000	
2018	2019	113.64	53,500		53,500	
2019	2019	136.94	937,285		937,285	
2019	2019	144.09	22,400		22,400	
2019	2019	147.43	70,000		70,000	
2019	2019	164.57	2,000		2,000	
2019	2019	182.26	2,000		2,000	
2019	2019	149.37	4,000		4,000	
2019	2019	160.90	15,000		15,000	
2019	2019	151.75	2,000		2,000	
2019	2020	144.77	296,750		296,750	
2019	2020	147.06	3,000		3,000	
2018	Profit shares 18	-	8,161			8,161
2019	Profit shares 18	-	24,054			24,054
2019	Profit shares 19	-	3,311			3,311
Total			5,613,241	1,748,117	3,829,598	35,526

⁽¹⁾ The weighted average exercise price is USD 86.31.

⁽²⁾ The SARs from the 2017 plan vested on 12 February 2020.

⁽³⁾ The numbers above for 2017 plan include the overachievement of 120%.