



Operating responsibly

# DOING BUSINESS THE RIGHT WAY

## Highlights

# 98.4%

**Of our employees have acknowledged the Temenos Business Code of Conduct**

# 73%

**Of our focus suppliers underwent sustainability assessments**

# 60%

**ISO 14001:2015 certification coverage**

# 2

**Biggest Temenos events became carbon neutral in 2019**

## Quick links



**Business Code of Conduct**

For 26 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.

More information on Corporate Governance can be found in [the Annual Report: Governance section](#) and on the corporate website [www.temenos.com](http://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 and our corporate policies. The members of the Board of Directors and the Executive Committee have endorsed the Code and have the highest level of executive oversight for the company's CSR & Ethics Framework.

### 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** 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 expanded, in order to better reflect the organizational changes in 2019 and better address the changing needs of our stakeholders. The CFO transitioned into the CEO position in 2019. Despite the role change, the CEO remains the Committee Chairman and main executive sponsor of the Temenos CSR and Ethics strategy. The Chief Security Officer joined the Committee membership, as security is a material issue for Temenos. The Chief Marketing Officer also joined the Committee, in order to better communicate internally and externally the CSR strategy to all our stakeholders. The expanded membership is as follows:

- Chief Executive Officer (Chairman of the Committee)
- General Counsel (Deputy Chairperson of the Committee)
- Director of Sustainability and Social Responsibility (Secretary)
- Chief Human Resources Officer
- Chief Security Officer
- Deputy Chief Financial Officer
- Chief Marketing Officer
- Group Head of Internal Audit.

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 2019, the Committee held five meetings.

### Business Code of Conduct

Our Code is the foundation of our commitment to ethical business practices and legal compliance. It 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. Our Code and policies are aligned with the ten principles of the UN Global Compact on the four issue areas of Human Rights, Labor, Environment and Anti-Corruption and the OECD Guidelines for Multinational Enterprises, in order to better serve the interests of a broader set of stakeholders and raise awareness about our responsible and sustainable operation.

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

In 2019, Temenos acquired three companies, with the latest acquisition of Kony completed in late September 2019. The Kony integration project is underway and will be completed in 2020. All employees from acquired companies were allowed three months to read and acknowledge the Code and linked policies, as well as to complete the mandatory trainings. Since the Kony acquisition was completed at the end of September 2019, the compliance data from Kony will be reported in next year's report.

Temenos requires Partners to comply with the Temenos Business Code of Conduct as respective compliance requirements are included in the Services Partner agreement. In addition, 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.

**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 Protection and Security Awareness.

**Global Temenos training completion percentage\***

	%
Business Code of Conduct Acknowledgment	98.4
Information Systems Security Acknowledgment	97.7
Business Code of Conduct training	96.2
Anti-Corruption and Bribery training	96.6
Data Protection training	95.7
Security Awareness training	95.5

\* The table above covers the entire 2019 and does not include Kony 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 the linked Anti-Corruption and Bribery policy which apply to all Temenos employees and group entities.

The **Temenos Anti-Corruption and Bribery policy** is available on our intranet and our corporate website. It states that Temenos shall actively attempt to ensure that corruption does not occur in Temenos’ business activities through an adequate and risk-based Anti-Corruption program. Anti-Corruption and Bribery training is part of the annual mandatory trainings that all employees have to take when joining Temenos and to repeat regularly during their employment with Temenos. By 31 December 2019, 96.6% of our employees (including Executive Chairman, Executive Committee and Leadership team members) have completed the training. 2.1% (124 employees) of the total headcount were exempt from this requirement due to long-term leave reasons (sickness, maternity, etc).

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

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-Corruption and Bribery policies and can be documented, we set up an internal global system designed to centralize the declaration and/or approval process for gifts, entertainment and contributions to better shield the Company from practices that could be perceived as unethical and contrary to our Anti-Corruption and Bribery practices. A Conflict of Interest Declaration is mandatory for every Donations’ Request through the online system. All charitable contributions, donations and sponsorships require the prior review and written approval of the CSR and Ethics Committee. As per the Anti-Corruption and Bribery policy as well as the Charitable Donations and Non Commercial Sponsorships’ policy, Temenos does not make any contributions to political parties.

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.

**Quick links**



**Anti-Corruption and Bribery training dashboard**

By function	Employees trained		By region	Employees trained	
	No.	%		No.	%
General administration	589	98.5%	APA	452	99.6%
R&D	2,690	95.9%	Europe	1,341	98.2%
Sales & marketing	580	96.2%	India	2,911	95.0%
Services	1,497	97.6%	MEA	174	95.6%
Cloud	160	94.1%	NAM	500	98.4%
<b>Grand total</b>	<b>5,516</b>	<b>96.6%</b>	LATAM	138	99.3%
			<b>Grand total</b>	<b>5,516</b>	<b>96.6%</b>

\* The table above covers the entire 2019 and does not include Kony employees in the total headcount.

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



## Operating responsibly continued

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.

### Export Controls and Sanctions

Temenos complies with all applicable export control laws and sanctions worldwide and meets obligations under sanctions regimes of the jurisdictions in which it does business. Temenos will forego business which would breach Sanctions regimes directly applicable to it.

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

In 2019, Temenos significantly enhanced its Sanctions Compliance program in order to take into account the efficient integration of all new acquisitions. By further utilizing Temenos' own compliance solution Financial Crime Mitigation software (FCM), and through the development of a custom parameterization, specifically designed to cover Temenos' business needs and requirements, the entire database of all newly acquired companies can be integrated with FCM within 24 hours. Furthermore, Temenos continues to assess sanctions risk as follows:

**Primary targets:** Opportunities (prospects) including distribution channels such as re-sellers, licensing and services, Existing Clients

**Secondary targets:** Suppliers, Partners, Introducers, Sub-contractors, Marketplace/Complementary Solutions Provider Accounts

**Auxiliary targets:** TLC Subscribers, Suppliers

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

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

### 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.

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

We have an internal online global system designed to centralize the declaration of Conflict of Interest and Related Party Transactions as well as the approvals of Outside Directorships Requests made by Temenos employees or members of the Board of Directors serving as a director or an officer for an outside organization which might also result in a conflict of interest.

### Ethical Business Conduct Monitoring and Reporting

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

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

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

In addition, there is an independent anonymous reporting mechanism in place, the details of which are set out in the **Anonymous Reporting policy**, which is linked to the Temenos Business Code of Conduct as well as the Temenos Supplier Code of Conduct. It is available on our intranet and our corporate website. Anonymous reporting means raising a concern about suspected wrongdoing that is taking place in our workplace. Temenos is committed to promoting and maintaining highest ethical standards in all our work, and ensuring that where concerns are raised, they are investigated and resolved, preserving the anonymity and confidentiality of anyone raising a concern. In addition, an appeal process to the CSR and Ethics Committee is in place, whose decision is final and binding. All disclosures are reported to the Audit Committee. All filed cases have been successfully resolved in 2019.

## Quick links



### 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 audit reviews are conducted by the Group 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 Group 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 cooperate fully with Group Internal Audit when requested and to provide access to all records, property and personnel as stated in the Internal Audit Charter approved by the Audit Committee.

Employee concerns 2019	Raised	Upheld	Dismissed
Workplace discrimination concerns (perceived-feeling of discrimination)	0	0	0
Other workplace concerns (failure to comply with legal obligations, such as breach employment law or human rights obligations)	1	0	1
Fraud, theft, bribery or other ethical misconduct	2	0	2
Health and safety or perceived damage to the environment	0	0	0
Violation of the Temenos Business Code of Conduct	2	1	1
Actual, potential or perceived conflict of interest	0	0	0
<b>Total</b>	<b>5</b>	<b>1</b>	<b>4</b>

### Information security and data privacy

Temenos acknowledges that information security and data privacy are fundamental to its clients, Partners and employees. This encompasses security relating to its products and services including its hosted solutions as well as its own information security systems and physical and location security arrangements. In addition, Temenos respects that everyone has rights with regard to how their personal data is handled. **The Temenos Security and Privacy policies** as well as the respective enhancement plan have been fully aligned with the Security and Privacy strategy.

#### Information Security Governance

The role of the **Temenos Security and Privacy Committee** has been enhanced in order to serve as a connecting point to senior management and to the Board of Directors. To this end, the Committee:

- Reviews security and privacy risks and opportunities present in Temenos and makes decisions which are communicated to the business or escalate to the Executive and Audit Committees as appropriate;
- Assists senior management and the Board of Directors in establishing an appropriate "tone at the top" and promoting a strong culture of awareness of security and data protection throughout Temenos;
- Reviews effectiveness and impact of the security and data protection compliance programs.

The Committee meets quarterly with representation from senior stakeholders within Temenos, with a fixed agenda item for our regular Executive and Audit Committees meetings.

Temenos Security Incident Management procedure has been further enhanced, resulting in a more agile, versatile and effective operating model. Depending on the type of incident, and in order to address it in the most effective and efficient manner, the Standard Security Response team is expanded with the equivalent stakeholder.

In 2019, 11 privacy related incidents were reported and handled as per the aforementioned procedure. One of these incidents has been categorized as "Level 1" (high-severity – immediate response required) and have been resolved at the Committee level.

#### CSO organization

The Chief Security Officer is responsible for all security, privacy and business continuity matters. The team has deep expertise in GRC, cloud security, cybersecurity, privacy business continuity and business resilience, product security, infrastructure security. As a result, the Global Information Security and Privacy headcount has increased from approximately 10 people in 2018 to 65 people in 2019. Temenos will continue to invest in people and talent, targeting at a total headcount of 70 people by the end of 2020.

#### Communication and Training

Temenos has recently contracted with a leading e-learning training platform in order to expand and enhance its training capabilities globally. In addition to the mandatory trainings for all staff, we are also developing more targeted training to "high-risk" user segments such as IT administrators, staff processing PII and Temenos cloud staff will be developed.

In 2019, Temenos achieved a 95.7% completion rate for mandatory Data Protection training and 95.5% for Security Awareness training. The trainings are mandatory for all Temenos employees and contractors. Furthermore, all Partners – included in the Services Partner agreement – are required to provide Security Awareness and Data Protection trainings to all of their employees, working on Temenos projects.

Temenos Information Security and Privacy Intranet Portal is being redeveloped, in order to provide a one-stop presence for internal staff and targeted messaging in the form of regular bulletins. The project was initiated in 2019, targeting for a Q1 2020 completion.

### Technology

Information security and data privacy are a fundamental aspect of our product offering and business operation. Temenos continued to invest in the security aspect of its operations, upgrading its Security Operations Center in terms of people, processes and technology. These investments will provide the capability of state-of-the-art monitoring and response capabilities for all cloud and on premise clients. In addition, Temenos has invested heavily on tooling, launching and implementing the additional DLP technologies, threat intelligence and monitoring software.

#### Product

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

#### Privacy

##### Towards a Global Privacy Compliance Framework

In 2019, Temenos enhanced and expanded its GDPR compliance program to include all privacy requirements at a global scale. Temenos Privacy compliance framework incorporates the same four principles: Assess, Protect, Sustain and Respond, utilized for all its processing activities globally. To facilitate the framework, the Global Privacy operating model has been introduced, with distinct and inter-related operations between the corporate Privacy function, the country/region Privacy teams, the Security and Privacy Committee and the Privacy Steering Group (Legal and Privacy functions).

The Corporate Privacy function sets and maintains the Privacy control framework, drives and monitors compliance, sets the Privacy standards, completes annual maturity assessments, develops and monitors plans to improve local Privacy compliance, maintains records of processing, maintains and updates the relevant policy, pursues and obtains certifications associated with Privacy, identifies, assesses and mitigates privacy risks, provides opinions and recommendations and liaises with local DPOs (where applicable).

The country/region Privacy teams provide support by triggering and completing PIAs, documenting new processes, performing annual maturity assessments, driving improvement plans, and reporting applicable KPIs.

The Security and Privacy Committee acts as a point of escalation and communication, providing senior level oversight.

The Privacy Steering Group (Legal and Privacy functions) identifies the relevant risks, monitors the progress of required implementation plans, builds awareness and escalates risks when required.

Based on the above, all processes involving processing of personal data have been mapped and assessed for relevant risks, via the leading Privacy management software. Furthermore, all data subjects can exercise their rights, including the rights to access, rectify and delete personal data.

Building on the 2019 engagement, ISO 27701 aligned Privacy framework has now been fully deployed across all business lines. Moreover, Temenos Data Protection and Privacy policy applies to all of Temenos worldwide (business lines, subsidiaries and newly acquired companies).

#### How Temenos uses the data

Temenos process personal data only for the purpose it was originally collected as per the applicable legal basis of processing. Personal data is not processed for any other secondary purpose. Access to that data is restricted to the people responsible for the specific processing activities.

Temenos has never received any requests for customer information from government or law enforcement agencies. In addition, the company has not received any substantiated complaint concerning breaches of customer privacy and losses of customer data in 2019.

#### 2020 Goals

- To achieve a level 4 Maturity as per the ISO 27701 methodology
- To position for compliance with Indian DPA
- To position for compliance with CCPA
- To position for compliance with ISO 27701
- Product – Privacy by design

#### Business Continuity

Temenos recognizes that having a robust Business Continuity management framework is one way to adhere to our corporate commitment to operating responsibly. We operate responsibly towards:

- Our clients by continuing to provide our services in adverse situations especially when these affect our sites/premises/people/suppliers
- Our employees by having emergency response and communication plans to perform our duty of care
- Our shareholders, investors and all interested stakeholders by protecting our product, intellectual property, people, premises and supply chain.

To that effect, within 2019, Temenos implemented a fully compliant ISO 27701 Business Continuity Management System (BCMS) to cover Continuity and Resilience requirements. The framework touches on all aspects of Resilience and more specifically focuses on:

- globally standardized emergency response and communication planning
- fully tested business continuity management plans for all its global critical locations and personnel
- cloud client service continuity testing in line with our responsible code of conduct
- internal corporate IT service continuity and disaster recovery plans
- supplier contingency planning
- crisis management and major incident handling procedures

Recognizing the importance of Temenos being a resilient organization, it has also invested in a state-of-the art and award winning Business Continuity planning solution as well as an emergency mass notification system tool to handle emergency communications.

Finally, in order to be able to validate the robustness of our BCMS, Temenos has certified its cloud support and operation teams from six global locations (London, Chennai, Sydney, Manly, Broomfield and Bucharest) against the ISO 22301:2012 standard from the Lloyd's Register Quality Assurance certification authority.



## Operating responsibly continued

### Responsible procurement

Temenos has integrated sustainability considerations in its procurement policy and practices to provide more value to the organization by improving productivity, assessing supplier value and performance, enabling communication between buyers, suppliers and all stakeholders, and by encouraging innovation.

Procurement lifecycle in Temenos is an end-to-end Source to Pay process: it spans right from responsible sourcing and supplier relationship management to purchasing and accounts payable.

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

- Suppliers that provide goods and/or services that are directly linked to Temenos Products
- Suppliers that have access to and/or processes our Employee or Company data
- Suppliers that connect to our Company systems or requires access to Temenos Intellectual Property or confidential information
- Suppliers that provide technical or IT services and/or software products that involve intellectual property licensing.

Sustainability assessments are part of the new supplier selection process and the annual supplier performance and risk assessment activities.

For the assessments, we use a Supplier Questionnaire that covers areas such as business and ethical conduct, environment, human and labor rights, impact on society, client privacy and information security, financial and legal compliance requirements. Our Supplier Questionnaire is aligned with the 10 principles of the UN Global Compact and the EU General Data Protection Regulation 2016/679.

Our **Supplier Code of Conduct** lists the requirements for our suppliers in adhering to our responsible ways of doing business and is integrated clause into contracts and Purchase Order Terms and Conditions. We encourage our suppliers to develop responsible practices of their own and communicate any concerns they might have related to a possible breach of our Code through the Anonymous Reporting mechanism.

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

Temenos has a centralized procurement governance model where the Global Procurement team oversees the sourcing process and drives the purchase activities at Group level. The Global Procurement team is annually trained on the latest sustainable procurement principles and sustainable procurement objectives are integrated into the team's performance reviews.

### Procurement lifecycle an end-to-end Source to Pay process



### Responsible Procurement framework 2019-2025

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

### Spending on local suppliers

We have a dynamic supplier base that can meet the specific needs of each business line. We build and maintain relationships with both small local suppliers as well as large international suppliers. The percentage of the procurement budget used for our top significant locations of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally) is as follows:

Highest to Lowest Employee Headcount December 2019	Top 15 countries based on headcount*	% purchases from local suppliers
3,106	India	94%
-	USA	62%
-	United Kingdom	62%
-	Romania	68%
-	Australia	67%
-	Luxembourg	49%
-	Singapore	40%
-	Switzerland	35%
-	Canada	79%
-	UAE	60%
-	Greece	53%
-	China	100%
-	Germany	95%
-	Ecuador	52%
64	France	70%

\* Highest: 3,106, lowest: 64.

The reported local spending 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.

Area	2019 Objective	2020 Achievement	2020 Objective	2021 Objective	2025 target Objective
<b>People</b>	Refresher training to procurement staff on latest sustainable procurement principles	100%	Key staff involved in procurement activities to receive training on sustainable procurement principles	Sustainable procurement to be included as part of all staff induction program	Maintain 100%
<b>Policy &amp; strategy</b>	Review and enhance the internal sustainable procurement policy for focus suppliers with strategic techniques such as spend category management, market analysis, vendor risk management	100%	Extend the responsible sourcing process to other categories of suppliers, beyond focus categories of suppliers	Ensure the internal sustainable procurement policy is reviewed regularly as part of the CSR strategy	Maintain 100%
<b>Procurement process</b>	Further implement sustainability assessment as part of the qualification and annual performance and risk assessment for focus categories of suppliers	73%	Sustainability assessment as part of the qualification and annual performance and risk assessment implemented to all focus categories of suppliers	Sustainability assessment for most supplier categories	Reach 100%
<b>Engaging suppliers</b>	New or renewed focus categories of suppliers, providing goods or services with Supplier Code of Conduct applicable clause	15%	Further augment the new or renewed suppliers providing goods or services with Supplier Code of Conduct applicable clause	Supplier engagement program in place, promoting continual sustainability improvement and CSR audits if required	Reach 100%

**Environmental responsibility**

With the continued global spotlight on the critical issue of climate change, we recognize the importance of understanding and taking action on our material environmental impacts, risks and opportunities. While fully complying with all relevant environmental laws and legislation at our office locations globally, we support a precautionary approach to environmental challenges on our own initiative and an environmentally responsible way of conducting our business. No instances of non-compliance with environmental laws and regulations occurred in 2019.

We are committed to:

- measuring and monitoring our global environmental footprint,
- implementing mitigation, reduction and improvement initiatives, by continuously identifying opportunities to increase our energy efficiency and reducing carbon emissions and
- reporting on our progress.

**Environmental policy and Management**

Temenos has 68 offices in 40 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, such as the one in Miami, which has been awarded LEED certification at the Gold level by the US Green Building Council. The Temenos offices are designed internally in such a way as to fully utilize natural resources, such as sunlight or make efficient use of the office space (open space externally used as patios), and to create an excellent working environment.

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

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 carbon emissions.



**Global Environment Policy**

In 2018 we developed a **Global Environmental Management System (EMS)** and aligned it with international standards. We have successfully implemented the EMS in our three offices in India (Chennai and Bangalore) in 2018, and our office in Romania in 2019, while receiving ISO 14001:2015 certification for all four offices. These four offices account for almost 60% of the total global employee workforce (prior to Kony acquisition).



As a result of the implementation of ISO 14001, a decrease in the energy intensity (energy consumed in kWh/headcount) was achieved in all four ISO 14001 certified offices, by implementing both engineering and administrative controls.

At the three offices in India, there was a 7% reduction in energy intensity, which was achieved through a number of mitigation initiatives such as:

- installation of energy efficient lifts
- upgrade of the A/C systems with energy efficient components such as motors, filters, coils
- use of 350 LED lamps in common areas and work stations
- increase of diesel generators' efficiency by improving operations and maintenance activities
- employee training and effective implementation of Standard Operating Procedures for maintenance and operation of significant energy consuming equipment
- consolidation of critical rooms such as data centers, server rooms and switch rooms for effective operations.

At our office in Romania, there was a 4.4% reduction in energy intensity, which was achieved through the installation of motion sensors in specific areas and through employees training to operate A/C systems and room lighting only when required, with emphasis given on switching off any electronic equipment, lights and A/C system during weekends and after working hours.

At our UK offices, planned for EMS and ISO 14001 implementation, 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 and identified opportunities to improve our energy efficiency. In 2019, we continued to perform the Energy Efficiency audit in all four UK offices. As a result, by the end of 2019, we achieved close to 2.3% reduction in energy intensity as compared to last year, by optimizing the use of lighting systems in collaboration with the building management companies and through employees training awareness initiatives.

**2020 Goals**

- To implement EMS to additional offices in Europe and increase the certification coverage
- To introduce a mandatory Environment Awareness training for all employees

**Environmental Monitoring and Reporting**

We have set up an EMS Desk, an internal Company-wide mechanism, in order to measure, monitor and report our environmental footprint in relation to business travel, employee commute, energy and water consumption and waste generation and introduce ways to conserve resources in select locations globally with the largest employee concentration.

**Offices**

In 2017, we started measuring and reporting on our actual direct and indirect energy consumption in our offices. In 2018, we measured and reported the energy consumption and carbon 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. In 2019, we measured and reported 99% of the total energy consumption and GHG emissions, excluding only a few individual small offices with limited headcount (10 people or less). 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.



**Business travel**

As an IT software company we rely on our people who travel to deliver our services. So business travel by air constitutes our biggest environmental impact that cannot be easily reduced. 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 (prior to Kony acquisition). Despite our growing headcount, our air business travel emissions significantly reduced since last year, as a result of carbon emission reduction initiatives we introduced internally, such as travel and global mobility policies, internal carbon pricing, increased internal communication and environmental training, efficient meeting management that required travel around big corporate events, use of other lower-carbon modes of transport for travel within Europe and further investment in virtual collaboration and communication technologies. Since 2018, we have been investing in carbon emissions offsets for all our air travel globally. This offset effort resulted in the compensation of 11,527 tCO<sub>2</sub>e of the entire air travel impact in 2019.

Priority Area	Objective	Indicator	2025 target
Operating Responsibly	Environment policy & Management	Roll out EMS to additional locations and increase the ISO 14001:2015 certification coverage	4 offices
	Energy Efficiency & Carbon Neutrality	Organize sustainable and carbon neutral corporate events	4 events
		Percentage of overall decrease of Scope 2 Indirect energy consumption per capita for certified ISO 14001 offices, compared to 2018 baseline (first certification)	10%



## Operating responsibly continued

### Employee commute

In 2018, we launched for the first time an internal employee commute survey, which we repeated in 2019, to measure and report our indirect environmental footprint in relation to employee commute, using their private means of transportation to commute daily to our office locations globally. In 2019, due to increased internal communication, we managed to get a 92% response rate to the survey (from all our employees globally prior to the Kony acquisition) higher than last year, while reducing the actual emissions from employee commute due to relocation of offices based on environmental criteria. 3% (200 employees) of the total headcount were exempt from this requirement due to job role (teleworking and not commuting to an office) or long term leave reasons (sickness, maternity).

### Carbon footprint

The primary sources of our emissions are natural gas, on-site electricity generation, purchased electricity, employee commute and business travel. The total energy consumed during 2019 is 32,986.56 GJ. The direct energy consumption by primary energy source is 2,819.5GJ. The indirect energy consumption by primary source is 30,167GJ. Our annual absolute greenhouse gas emissions (GHG) are at 24,302.1tCO<sub>2</sub>e. We are establishing reliable systems to monitor other emissions such as NO<sub>x</sub>, SO<sub>x</sub>, and Ozone Depleting Substance (ODS). All GHG figures in the report are in tons of carbon dioxide equivalents (tCO<sub>2</sub>e). The Temenos' energy reporting and corresponding Scope 1 and 2 emissions cover the time period from 1 December 2018 to 30 November 2019. The data below do not include any data from Kony, as the acquisition was formally completed at the end of September 2019.

### Energy Efficiency and Carbon Neutrality

As part of our environmental responsibility strategy and in line with our commitment to measuring our global impact and implementing mitigation, through energy reduction and emissions' avoidance initiatives, we set internal targets to improve energy efficiency, reduce emissions and invest in offset projects for the carbon emissions we cannot reduce or replace. Key initiatives include: implementation of our ISO 14001 certified Global EMS, increased internal communication and environmental training, investment in virtual collaboration and communication technologies, changes in travel and global mobility policies, introduction of a facilities management strategy that incorporates environmental criteria for new property leases and for renewal of existing leases, joint energy efficiency and innovation activities with the landlords in the buildings we lease, partnerships with suppliers and event management vendors with the same mindset, internal carbon pricing for flights and investment in carbon credits.

### 2020 Goals

- To implement energy efficiency measures in more offices with large employee concentration
- To introduce environment champions in more offices globally

### Case study:

Investing in a community carbon project in India

*“Apart from the environmental benefit, it offers social benefits to the local population by improving access to clean energy, education, and healthcare.”*

In 2019, we continued to witness the benefits of our investment in the community carbon project in Tamilnadu in India, a material location for Temenos, where our two Chennai offices are located. As part of our efforts towards carbon neutrality, we offset the carbon footprint of our air business travel (as we also did in 2018), as well as from our two 2019 biggest Temenos events: Temenos Kick-Off Meeting (TKO) and Temenos Community Forum (TCF), through purchase of voluntary emission reduction certificates generated from a Wind Power project in Tamilnadu in India. 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), the world's leading voluntary program for the certification of GHG emissions reduction and removal 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 SDGs.

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

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

### Energy in GJ

Natural gas consumption	1,501.5
On-site electricity generation	1,317.9
Purchased electricity	30,167

### GHG emissions (tCO<sub>2</sub>e)

Scope 1	2%
Scope 2	22%
Scope 3	76%

### Total GHG emissions (tCO<sub>2</sub>e) – 2019

Scope 1	382.5
Scope 2*	5,737.6
Scope 3	18,182

### GHG emissions by activity (tCO<sub>2</sub>e)

Natural gas consumption	78.1
On-site electricity generation	304.4
Purchased electricity	5,737.6
Employee commute	6,655
Business travel by air **	11,527

\* Our offices in Switzerland utilize renewable energy sources for electricity, thus generating zero GHG emissions.

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

### Emissions offset

14,587<sup>tCO<sub>2</sub>e</sup>

2019

21,442.50<sup>tCO<sub>2</sub>e</sup>

2018

### Contribution to the SDGs



### Sustainable Event Planning

We are seeking ways to ensure that our event planning operates with high sustainability standards, by organizing our external events in a sustainable way and working with event vendors who are adhering to sustainable event best practices. In addition, we are committed to measuring, reducing and offsetting the environmental impact of our two biggest Temenos events.

In 2019, we introduced a new **Sustainable Event Planning policy** and we linked it to the Global Environment policy. The Global Environment policy is part of the Temenos Code of Conduct and the Temenos Supplier Code of Conduct.

We are committed to responsible event planning:

- by planning and organizing our external corporate and regional events in a sustainable and environmentally responsible way
- by working with event vendors who are adhering to sustainable event best practices, thus making our events as sustainable as possible
- by measuring, reducing and offsetting the environmental impact of our two biggest Temenos events
- by adhering to international standards relating to sustainable development.

Our sustainable event planning commitment is based on four principles:

- Promoting sustainable environmental practices
- Integrating social considerations: supporting universal human and fair labor rights, inclusiveness, respect for the community, health and safety
- Supporting economic practices: based on collaboration, support for the local economy and communities, responsible sourcing and procurement, economic growth, integrity, transparency and responsible governance
- Sustainable partnerships: Suppliers and event management vendors with a CSR mindset, i.e. who share the same values with us and understand the responsibility of implementing and communicating sustainable practices to their stakeholders.

Temenos organizes a number of external corporate and regional events during the year. The biggest corporate events include the Temenos Kick-Off Meeting (TKO) and Temenos Community Forum (TCF). Temenos employees, Partners and clients attend our external events.

In 2019, we measured the carbon footprint of these two events, reduced as much as possible and offset the remaining emissions (2,195 tCO<sub>2</sub>e) through purchase of voluntary emissions reduction certificates generated from a Wind Power project in Tamilnadu in India, coordinated by the Tamilnadu Spinning Mills Association (TASMA).

In addition, we designed and implemented an Event Sustainability Management System, as per the requirements of ISO 20121, to help us manage our two biggest events and control their social, economic and environmental impact.

Our goal is to organize these two events as an ISO certified sustainable event, minimize the negative environmental impact of the event in the areas of waste, water, energy and air quality, ensure our supply chain has responsible social and environmental practices, improve positive social and economic impacts of the event, optimize planning and processes, while maximizing the benefits of a sustainable event.

In 2020, we aim to achieve ISO 20121 event sustainability certification for these two events, following a rigorous off-site and on-site audit by an external certification body. ISO 20121 provides the framework for identifying the potentially negative social, economic and environmental impacts of events by removing or reducing them, and capitalizing on more positive impacts through improved planning and processes. In addition, Temenos will quantify and report the carbon footprint from all the emission sources of these events, based on ISO 14064-1, as well as achieve carbon neutrality for these events in accordance with PAS 2060:2014.

#### 2020 Goal

- To organize TKO and TCF as sustainable, carbon neutral events as per the requirements of international standards.

### Quick links



#### Case study:

Sibos zero waste stand

**“Constructed exclusively from responsibly sourced materials, the entire booth will be re-used, re-purposed or recycled after the event.”**

At Sibos 2019, a global financial services event that took place in London 23-26 September 2019, Temenos showcased a state-of-the-art zero-waste and eco-friendly stand to reduce its carbon footprint and contribute to a more sustainable event. Temenos was the only exhibitor partnering with a sustainable production company at Sibos. The stand incorporated environmentally-friendly features, including furniture made from ocean waste plastic, furnishings 3D printed from recycled plastic drinks bottles, and a living wall made up of air purifying plants to provide cleaner air for Sibos' 8,000 attendees.



## Operating responsibly continued

### Water

Although we use water only as part of our offices' operations, in 2019, we started to measure and report the water consumption, representing 72% of the total Temenos population (excluding population working in serviced offices with less than ten employees).

Sources of Water*		Volume in L
Purchased water	Municipality water	30,551,126.55
	Purchased water (non-potable)	2,889,140.3
	Purchased drinking water	575,558.76
Ground water	Ground water	1,958,934
Surface water	Surface water (River/Lake/Sea)	0
Harvested rain water	Rainwater collected and stored (water consumed from RWH tanks)	0
<b>Total water consumption</b>		<b>35,974,759.61</b>

\* The data above do not include recently acquired Kony. For more information on the calculations, please refer to About this Report.

### Case study:

Use of recycled waste water in our office in Chennai, India

**“The consumption of fresh water was reduced and 1,907,218.53 liters of domestic waste water were treated, without contaminating both water and land.”**

Our office in Chennai, KG 360° building, operates in an IT Business park, where all waste water is being treated in a sewage treatment plant. It is then reused for toilet flushing and horticulture, in accordance with all legal requirements: Chennai Metropolitan Water Supply and Sewage Board and Chennai Metropolitan Development Authority. As a result, in 2019, the consumption of fresh water was reduced and 1,907,218.53 liters of domestic waste water were treated, without contaminating both water and land.

### Waste Management:

As 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. Although we do not handle our disposal, we have increased our focus on adopting a proactive approach by recycling, in the countries and counties where such an option is available. We have introduced recycling initiatives to our offices globally, while encouraging and training our employees to recycle paper, plastic, can, glass and toners. 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.

### Case study:

Recycling in our London office

**“In 2019, we recycled 4,017kg of paper, including white and mixed paper as well as security shredding.”**

In our London office, we work with a recycling company to measure the amounts we recycle and monitor the benefits of this initiative to the environment. In 2019, we recycled 4,017kg of paper, including white and mixed paper as well as security shredding. We have also recycled 2,800kg of glass, 128kg of cans and plastic, 5kg of IT equipment and 90kg of toners. Thanks to our recycling, 51 trees and 7,460kg of CO<sub>2</sub> were saved in 2019, while we received an annual award for our recycling achievements.

### 2019 Highlights

**4,107kg**

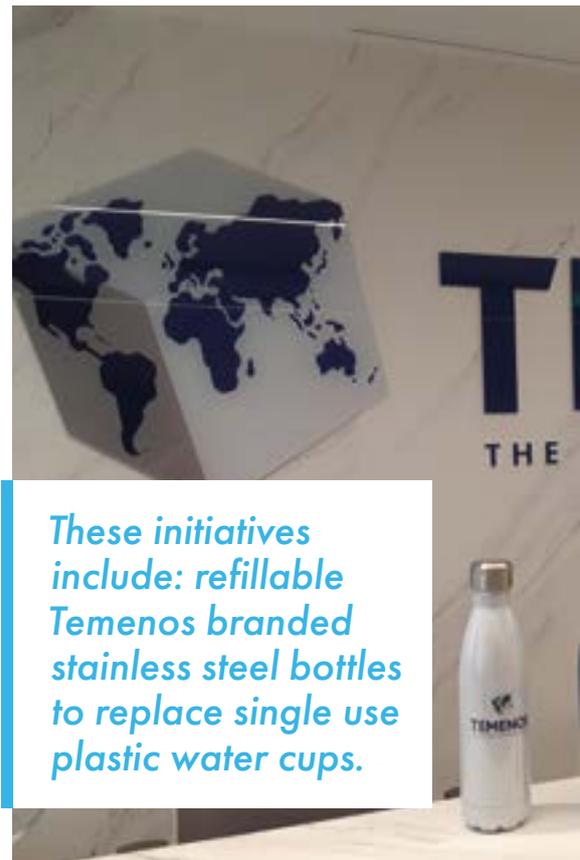
**Of paper recycled**

**2,800kg**

**Of glass recycled**

**7,460kg**

**Of CO<sub>2</sub> avoided**



**These initiatives include: refillable Temenos branded stainless steel bottles to replace single use plastic water cups.**

### Case study:

Green initiatives

**“We have introduced environment champions as well as environmental initiatives to our offices globally.”**

To enhance our efforts to protect the environment, we have introduced environment champions as well as environmental initiatives to our offices globally. These initiatives include: refillable Temenos branded stainless steel bottles to replace single use plastic water cups; stainless steel straws to replace single-use plastic straws; recycling programs; environmental awareness campaigns to ban plastic and promote reuse and recycling and environmental volunteering activities and community service.





### Case study:

Internal campaign to stop plastic

*“Temenos India employees in Chennai and Bangalore conducted internal campaigns to #BeatPlasticPollution# in 2019.”*

To raise awareness about the big environmental impact of plastic and to help reduce plastic use, our Temenos India employees in Bangalore conducted a five day campaign “Temenos Supports #BeatPlasticPollution#” in 2019. The campaign included:

- **Day 1:** our environment champions invited a solid waste management expert and a recipient of the prestigious Namma Bangalorean Awardee 2016, to address all employees on the harmful effects of single-use plastics and suggest ways to reduce the usage of plastics in our everyday life.
- **Day 2:** they posted awareness posters related to the harmful effects of plastics and various methods to reduce them, on highly visible areas of the office.
- **Day 3:** they visited each floor and shared a strong message with all employees to reduce use of plastics. This was also communicated by a dance performance to say NO TO PLASTICS.
- **Day 4:** they set up stalls showcasing alternative plastic products like bamboo toothbrushes, stainless steel straws and wooden combs.
- **Day 5:** our environment champions along with Temenos employees had a special theme based dance performance to say NO TO PLASTICS within the premises and outside of the office so that they could raise awareness to employees from other companies, too.



### Case study:

Lake cleaning

*“In August 2019, our Temenos India employees in Chennai volunteered to clean Porur lake. In October 2019, they returned to the lake, not only to clean it but also to plant trees, contributing to the protection of the lake flora and fauna.”*

