

Declaration of Compliance 2011

**Declaration of Compliance of the Executive and Supervisory Board
of GFT Technologies AG with the recommendations of the
»Government Commission on the German Corporate Governance Code«
pursuant to section 161 of the German Stock Corporation Act (AktG)**

(Issue: 12 December 2011)

Since the last Declaration of Compliance on 13 December 2010, GFT Technologies AG has complied with all recommendations of the »Government Commission on the German Corporate Governance Code« in the period from 26 May 2010 and will continue to comply with them in future; the following exceptions applied and continue to apply:

2.3.1 »At least once a year the shareholders' General Meeting is to be convened by the Management Board giving details of the agenda. A quorum of shareholders is entitled to demand the convening of a General Meeting and the extension of the agenda. The convening of the meeting, as well as the reports and documents, including the Annual Report and the Postal Vote Forms, required by law for the General Meeting are to be published on the company's internet site together with the agenda.«

2.3.3 »The company shall facilitate the personal exercising of shareholders' voting rights. The company shall also assist the shareholders in the use of postal votes and proxies. The Management Board shall arrange for the appointment of a representative to exercise shareholders' voting rights in accordance with instructions; this representative should also be reachable during the General Meeting.«

The company's Articles of Incorporation do not currently consider the possibility of online participation in the Annual General Meeting (section 118 (1) sentence 2 AktG) or the postal vote (section 118 (2) AktG). From our point of view there are various legal and practical questions concerning the implementation of online participation and the postal vote which are not clear. In addition, the company already offers shareholders the option of commissioning a proxy assigned by the company to exercise the right to vote. The shareholders therefore already have considerable opportunities to exercise their shareholders' rights. Against this background, an additional possibility of online participation in the Annual General Meeting or the postal vote does not essentially lead to making it any easier to exercise the shareholders' rights. The company also sees the physical presence of its shareholders as essential for a lively exchange of opinions. The recommendations are not being followed in this respect.

3.8 »If the company takes out a D&O (directors' and officers' liability insurance) policy for the Management Board, a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation of the Management Board member must be agreed upon. A similar deductible shall be agreed upon in any D&O policy for the Supervisory Board.«

The company does not follow the recommendation regarding a deductible for the Supervisory Board. In the case of D&O insurance for members of the Supervisory Board, an appropriate excess has been agreed upon which does not, however, fulfil the scope regulated in section 3.8 of the Code. The company is of the opinion that the increase in the agreed excess for members of the Supervisory Board does not constitute an additional incentive to carry out their activities with due diligence and according to statutory stipulations.

4.1.5 »When filling managerial positions in the enterprise the Management Board shall take diversity into consideration and, in particular, aim for an appropriate consideration of women.«

With regard to filling managerial positions, the company's main focus is on the experience, skills and knowledge of the individual. Compared with this aspect, the company regards socio-political considerations concerning diversity criteria as secondary, even though it expressly supports the appropriate consideration of women in particular. As a result, the company does not comply with section 4.1.5 of the Code.

4.2.3 ... »The compensation structure must be oriented toward sustainable growth of the enterprise. The monetary compensation elements shall comprise fixed and variable elements. The Supervisory Board must make sure that the variable compensation elements are in general based on a multi-year assessment. Both positive and negative developments shall be taken into account when determining variable compensation components. All compensation components must be appropriate, both individually and in total, and in particular must not encourage to take unreasonable risks.« ...

This recommendation takes account of the revised version of section 87 AktG, valid as of 5 August 2009, which must be taken into account when reassessing the compensation of members of the Executive Board. Since 5 August 2009, the company has so far reassessed the compensation of Executive Board members in one case concerning a contract extension and in one case concerning the appointment of a new Executive Board member. The Supervisory Board will follow this recommendation when determining the salary of members of the Executive Board in future, and thus primarily with new contracts and contract extensions. Moreover, the compensation regulation of current Executive Board contracts is appropriate in the view of the Supervisory Board and does not lead to taking undue risks. In this regard, however, variable compensation elements have so far only had an assessment criterion extending over several years in one case; allowances for negative developments have therefore only been made in this one case when arranging variable compensation elements.

4.2.3 ... »In concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his contract without serious cause, including fringe benefits, do not exceed the value of two years' compensation (severance pay cap) and compensate no more than the remaining term of the contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year.« ...

The Supervisory Board has not reached any agreement with Members of the Executive Board for the event of the premature termination of Board activities without good reason. It is also not intended to do this in the future. The company is of the opinion that the statutory regulations provide for a reasonable settlement of interests for the event of the premature departure of a Member of the Board.

4.2.4 »The total compensation of each one of the members of the Management Board is to be disclosed by name, divided into fixed and variable compensation components. The same applies to promises of benefits that are granted to a Management Board member in case of premature or statutory termination of the function of a Management Board member or that have been changed during the financial year. Disclosure may be dispensed with if the General Meeting has passed a resolution to this effect by three-quarters majority.«

The Annual General Meeting of GFT Technologies AG decided with more than the required three quarters majority on 20 May 2010 that the compensation of members of the Executive Board shall not be individually disclosed. The individual disclosure of payment obligations made to a member of the Executive Board in the event of premature or regular termination of activities as a member of the Executive Board or which have been amended during the financial year, is also not envisaged.

To this extent, the company believes that the personal interests of the individual Executive Board member must be appropriately taken into account when deciding on an individualized disclosure. The company is of the opinion that the justified need for information is sufficiently fulfilled by disclosing the total compensation of the Executive Board and a summary of promises made regarding benefits on termination of the function of an Executive Board member.

5.1.2 »The Supervisory Board appoints and dismisses the members of the Management Board. When appointing the Management Board, the Supervisory Board shall also respect diversity and, in particular, aim for an appropriate consideration of women. Together with the Management Board it shall ensure that there is a long-term succession planning. The Supervisory Board can delegate

preparations for the appointment of members of the Management Board, as well as for the handling of the conditions of the employment contracts including compensation, to committees.«

5.4.1 » The Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report.« ...

With regard to the composition of the Supervisory Board, the company's main focus is on the experience, skills and knowledge of the individual. Compared with this aspect, the company regards socio-political considerations concerning diversity criteria as secondary, even though it expressly supports the appropriate consideration of women in particular. As a result, the company does not comply with sections 5.1.2 and 5.4.1 (2) and (3) of the Code.

5.3 Formation of Committees

Considering the manageable size of the Supervisory Board, GFT Technologies AG generally refrains from forming committees. This ensures efficient operation and comprehensive information for all Supervisory Board members. The company is of the opinion that in all cases, all members of the Supervisory Board shall be involved in the decisions of the Supervisory Board.

5.4.6. (2) »Members of the Supervisory Board shall receive fixed as well as performance-related compensation. Performance-related compensation should also contain components based on the long-term performance of the enterprise.«

Members of the Supervisory Board of GFT Technologies AG receive only fixed compensation. The company thereby corresponds with the predominant standard practice currently prevailing and thus prevents conflicts of interest during the monitoring activity.

GFT Technologies AG

12 December 2011