

Declaration of Compliance



of the Administrative Board of GFT Technologies SE concerning the recommendations of the “Government Commission on the German Corporate Governance Code” pursuant to section 161 AktG (German Stock Corporation Act)

Convenience Translation

(As at: 7 December 2021)

GFT Technologies SE issued its last annual Declaration of Compliance on 14 December 2020.

This

was updated during the year on 30 March 2021 with regard to the setting up of an Audit Committee in accordance with Recommendations D.3 and C.10 of the “Government Commission on the German Corporate Governance Code” as amended on 16 December 2019, announced in the German Federal Gazette (Bundesanzeiger) on 20 March 2020, (hereinafter referred to as the “Code”). The Audit -

Committee follows the Recommendations D.9, D.10 and D.11 of the Code.

Since 14 December 2020, GFT Technologies SE has complied with the recommendations of the Code, with the exception of the deviations explained below in section III, and will continue to comply with them in future.

The principles for transferring the recommendations of the Code based on a dual management system to the one-tier management system of GFT Technologies SE are presented in sections I. and II.

I. Preliminary remark

As stated in paragraph 3 of its foreword, the objective of the Code is to make the dual German corporate governance system transparent and understandable.

Pursuant to section 5 (1) of its Articles of Incorporation, GFT Technologies SE has a one-tier management and control structure. According to article 43 to 45 Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute of the European Company (SE) (hereinafter referred

to as the “SE-VO”) in conjunction with sections 20 et seq. SE Implementation Act (hereinafter referred to as the “SEAG”), the one-tier system is characterised by the fact that a single governance body, the Administrative Board, is responsible for the management of the company. The Administrative Board manages the company, determines the basic policies of its activity and supervises their implementation by the Managing Directors. The Managing Directors conduct the business of the company and represent the company in and out of court. They are bound by instructions of the Administrative Board.

The principles and recommendations contained in the Code with regard to the dual German corporate governance system are only directly applicable to a one-tier SE to a limited extent. In particular, as is the case for listed credit institutions and insurance undertakings (see paragraph 8 sentence 2 of the foreword to the Code), the principles and recommendations of the Code can only be applied to the extent that they do not contradict any legal stipulations. The transfer of the principles, recommendations and suggestions of the Code to the one-tier structure of GFT Technologies SE is explained below in section II.

II. Transfer of the principles, recommendations and suggestions of the Code to the one-tier structure of GFT Technologies SE

GFT Technologies SE transfers the principles, recommendations and suggestions of the Code for the supervisory board to its Administrative Board and for the management board to its Managing Directors.

The following exceptions apply:

1. The tasks of the management board set forth in Principles 1 to 5 are the responsibility of the Administrative Board pursuant to section 22 (1) of the SEAG, or section 22 (3) sentence 3 of the SEAG. These include managing and developing the company's strategic alignment, compliance, establishing an internal control and risk management system and setting targets for the proportion of women in the two management levels below the Administrative Board.
2. The Recommendations A.1 (consideration of diversity when making appointments to executive positions) and A.2 (institution of a compliance management system) addressed to the management board are addressed to the Administrative Board in the one-tier structure based on section 22 (1) of the SEAG.
3. According to Principle 6 (paragraph 1), the supervisory board appoints and discharges the members of the management board, supervises and advises the management board in the management of the enterprise and has to be involved in decisions of fundamental importance to the enterprise. The Administrative Board of a one-tier SE combines the management and control.
4. In derogation from Suggestion A.5, the Administrative Board is responsible for convening the General Meeting.
5. According to Recommendation B.3, the first-time appointment of management board members of a stock corporation shall be for a period of no more than three years. Recommendation B.4 further states that any re-appointment prior to one year before the end of an appointment period at the same time as termination of the current appointment shall only happen if special circumstances apply. These recommendations should be viewed against the background

that, pursuant to section 84 (3) AktG, members of the management board of a stock corporation may only be removed if there is good cause.

6. Managing directors may be dismissed at any time even without good cause, section 40 (5) SEAG. Against this background, Recommendations B.3 and B.4 are not transferred to the -one-tier SE.
7. Recommendations C.6 to C.12 concerning the independence of supervisory board members refer only to those members of the Administrative Board who are not appointed as Managing Directors.

III.

Deviations from the recommendations of the Code

Recommendation A.2 “The Management Board shall institute an appropriate compliance management system reflecting the enterprise’s risk situation, and disclose the main features of this system. Employees shall be given the opportunity to report, in a protected manner, suspected breaches of the law within the enterprise; third parties should also be given this opportunity.”

The company has complied with this recommendation since the beginning of 2021. Also the employees of the GFT Group in Germany now have access an Internet-based solution to send anonymous information to the responsible office of the GFT Group. This was not the case up to the end of 2020.

Recommendation C.10 sentence 1 “The Chair of the Supervisory Board, the Chair of the Audit Committee, as well as the Chair of the committee that addresses Management Board remuneration, shall be independent from the company and the Management Board.”

The Chair of the Audit Committee is independent from the Company and from the Managing Directors. To this extent, this recommendation has been complied with since the Audit Committee was set up in March 2021.

The further recommendation that the Chair of the Administrative Board be independent from the Company and from the Managing Directors is not complied with. Immediately prior to taking office, the Chair of the Administrative Board was Deputy Chair of the Administrative Board and also Chair of the Managing Directors. Pursuant to the criteria set forth in Recommendation C.7, he is not deemed to be independent from the company. Given the desire for personnel continuity in the management of the company, the Administrative Board resolved that the former Chair of the Managing Directors should become the Chair of the Administrative Board.

Recommendations D.2 to D.4 “Supervisory Board committees” and Recommendation D.11

In view of its manageable size, the Administrative Board waived the establishment of committees in the past. In March 2021, the Administrative Board set up an Audit Committee. The company therefore now complies with the corresponding recommendations.

Recommendation D.5 “The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting.”

The Administrative Board has waived the establishment of a Nomination Committee. The Administrative Board as a whole comprises seven members and thus has a manageable size. All members are representatives of the shareholders. In view of this fact, the Administrative Board considers it appropriate that the full Administrative Board does not transfer the task to a Nomination Committee.

Recommendation G.6 “The share of variable remuneration achieved as a result of reaching long-term targets shall exceed the share from short-term targets.”

The company does not comply with this recommendation. Its remuneration system is geared towards long-term and sustainable development. The Administrative Board does not believe that this requires variable remuneration from the achievement of long-term targets to exceed the portion from short-term targets.

The company's remuneration components with a one-year assessment basis are already designed to promote the long-term and sustainable development of the company. For example, one variable remuneration component is linked to the development of revenue in the respective financial year compared with the previous year. This means that two financial years are taken into account and not just one financial year. By defining the performance criteria at the beginning of the term of the respective employment contract without annual adjustments, this ensures that a permanent increase in revenue must be achieved in order to earn the respective variable compensation.

Moreover, the remuneration system stipulates that the total short-term variable remuneration should not be paid out immediately, but that a share of one third to one half should be converted to the respective long-term variable remuneration (LTI). The development of the respective LTI is determined by the performance of the GFT share price. Payment is made after three years. By linking to the weighted average price of GFT shares in the financial year prior to conversion and the weighted average price of GFT shares in the financial year prior to payment, a four-year assessment period was chosen. This also ensures that short-term developments, and in particular fluctuations in the share price, have no effect on long-term variable remuneration.

Recommendation G.7 sentence 1 “Referring to the forthcoming financial year, the Supervisory Board shall establish performance criteria for each Management Board member covering all variable remuneration components; besides operating targets, such performance criteria shall be geared mainly to strategic goals.”

Prior to the respective financial year, the Administrative Board sets the performance criteria for each Managing Director covering all variable remuneration components; besides operational targets, these performance criteria are geared mainly to strategic goals. However, not all performance criteria for variable remuneration components are set for the forthcoming financial year, but also for the conclusion of the respective service agreement. Only one remuneration component is set for the forthcoming financial year.

The Administrative Board is of the opinion that this procedure is appropriate within the framework of the existing remuneration system, which is geared to a long-term and consistent approach.

Recommendation G.10 “Taking the respective tax burden into consideration, Management Board members’ variable remuneration shall be predominantly invested in company shares by the respective Management Board member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years.”

The company does not comply with this recommendation. The company's remuneration system stipulates that one third to one half of the total short-term variable remuneration is converted to the respective long-term variable remuneration (LTI) after the end of the financial year in question. As a result, the variable remuneration amounts granted are not pre-dominantly invested in shares of the company.

The development of the LTI is determined by the performance of the GFT share price. Payment is made after three years. By linking to the weighted average price of GFT shares in the financial year prior to conversion and the weighted average price of GFT shares in the financial year prior to payment, a four-year assessment period was chosen.

The Administrative Board believes that the provisions of the remuneration system are suitable for encouraging the Managing Directors to focus their efforts on promoting the long-term well-being of the company and ensuring sustainable and long-term corporate success. This is all the more true as the variable remuneration components with a one-year assessment basis are already geared to sustainable and long-term corporate development.

Recommendation G.11 “The Supervisory Board shall have the possibility to account for extraordinary developments to an appropriate extent. It shall be permitted to retain or re-claim variable remuneration, if justified.”

No agreement has been made with the Managing Directors to retain or reclaim variable remuneration in specific cases. The Administrative Board believes that the legal claims and rights, in particular the assertion of claims for enrichment and damages as well as rights of retention, are sufficient to protect the interests of the company.

Stuttgart, 7 December 2021

GFT Technologies SE

The Administrative Board