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as of March 2014

## Corporate Governance Report

GFT Technologies Aktiengesellschaft headquartered in Stuttgart

as of March 2014

### Corporate Governance Report

The internationally operating GFT Group attaches great importance to the principles of responsible and future-oriented corporate governance and control. For GFT Technologies Aktiengesellschaft, good corporate governance means complying with all legal regulations, our Articles of Association and the rules of procedure for the Executive Board and Supervisory Board, as well as observing the recommendations of the German Corporate Governance Code. These principles also form the guidelines for all companies belonging to the GFT Group. Together with the Group Values, these principles provide the foundation for the sustainable and long-lasting success of our company.

### Corporate Governance of the GFT Group

Corporate governance of the GFT Group and its parent company GFT Technologies Aktiengesellschaft (“GFT AG” or the “Company”) – a public limited company (“Aktiengesellschaft”) under German law – is primarily based on the regulations of the German Stock Corporation Act (Aktiengesetz - AktG) and Securities Trading Act (Wertpapierhandelsgesetz - WpHG) as well as the recommendations of the German Corporate Governance Code. Moreover, the Articles of Association of GFT AG, the rules of procedure of the Executive Board and Supervisory Board, the respective local legislation and rules of procedure for affiliated companies as defined by section 15 et seq. AktG and the Business Conduct Guidelines of the GFT Group form the basis for the Executive Board and Supervisory Board to implement proper corporate governance. The Executive Board and Supervisory Board regularly discuss corporate governance requirements and their integration into the company’s internal and external processes. They also drive the continued development and integration of the company’s corporate governance principles.

With a few reasonable exceptions, GFT AG has been observing the recommendations of the German Corporate Governance Code (GCGC) since its introduction in 2002.

### Shareholders and Annual General Meeting

We provide our shareholders, financial analysts, shareholders’ associations, the media and interested members of the public with regular and up-to-date information on the business development of our company. Our extensive Investor Relations activities are presented on our corporate website ([http://www.gft.com/de/de/index/unternehmen/investor\\_relations.html](http://www.gft.com/de/de/index/unternehmen/investor_relations.html)).

The share capital of GFT AG is divided into 26,325,946 no-par bearer shares. Each share entitles the bearer to one vote. The shareholders of GFT AG exercise their rights at the company’s Annual General Meeting, where they receive information, can interact with the Executive Board and Supervisory Board and cast their votes. In this way they can actively exercise their rights and engage in a dialogue with the executive bodies. The Annual General Meeting is held once a year and provides a good platform for a lively exchange of views between shareholders and management.

It is important for us to help all shareholders exercise their rights. Prior to the Annual General Meeting, we therefore publish all the necessary documents and information on our website. Shareholders can cast their votes at the Annual General Meeting either in person or via a proxy. The company also appoints a proxy who is bound by the voting instructions received. Shareholders can issue their instructions to this proxy in writing, by fax or electronically – as described in the invitation to the Annual General Meeting. Shareholders attending the Annual General Meeting can also instruct a proxy to vote for them in accordance with the conditions announced at the Annual General Meeting and on transfer of the voting card.

In accordance with section 15b WpHG, GFT AG maintains a so-called Insider Directory. This document lists all individuals working for the company who have access to insider information due to their function. GFT AG regularly informs these insiders about the duties arising from the respective law.

### **Management and control**

As a public limited company under German law, GFT AG has a so-called dual management system, in which the Executive Board manages the company and the Supervisory Board monitors management. The Supervisory Board is responsible for appointing and dismissing members of the Executive Board. The Supervisory Board consists solely of shareholder representatives as GFT AG is subject to neither the German Codetermination Act (“Mitbestimmungsgesetz”) nor the One Third Participation Act (“Drittelbeteiligungsgesetz”).

### **Executive Board**

The Executive Board comprises four members. In accordance with section 84 (2) AktG, Ulrich Dietz has been appointed as Chairman of the Executive Board. The Executive Board’s composition is not only in line with GFT AG’s desired profile of skills and expertise, but also meets diversity requirements.

As the top management body, the Executive Board bears joint responsibility for managing the company according to legal requirements, the company’s Articles of Association and its Rules of Procedure. Its main tasks include the development and implementation of company strategy, the management of the company, financial planning, and the establishment and maintenance of an efficient risk management and monitoring system. On this basis, the members of the Executive Board set the long-term objectives and determine the principles and guidelines for company policy. The responsibilities of each Board member and the divisions they head are presented in our Annual Report 2013 on page 176 and on our website (<http://www.gft.com/de/de/index/unternehmen/unternehmen/vorstand.html>)

The Executive Board works in close consultation with the Supervisory Board. The Executive Board reports to the Supervisory Board swiftly, regularly and comprehensively on the course of business, important transactions, the current revenue and earnings position, the prevailing risk situation and the company’s risk management system. The Executive Board provides detailed explanations and reasons for all deviations from previously set budgets and targets. It also regularly reports on internal compliance issues. According to the relevant Rules of Procedure as defined in section 111 (4) AktG, the Executive Board must obtain the prior consent of the Supervisory Board for certain transactions. The Chairman of the Executive Board is in regular contact with the Chairman of the Supervisory Board and his deputy.

## Supervisory Board

The Supervisory Board consists of six members. GFT AG's Supervisory Board comprises leading business figures with detailed knowledge and experience of the IT sector, banking, finance and law. GFT AG benefits in particular from their alignment with the service sector as well as from their international experience. Information on the professions and other mandates held by members of the Supervisory Board is provided in the list of Supervisory Board members published in our Annual Report 2013 on page 177.

All members of the Supervisory Board are independent; no member of the Supervisory Board has a professional or personal relationship with the company or its Executive Board which might cause a conflict of interest. No Supervisory Board member was previously a member of the Executive Board of GFT AG. The term of office of all Supervisory Board members ends on expiry of the Annual General Meeting which decides on the discharge of the Executive Board and the Supervisory Board for the financial year 2013.

The Supervisory Board regularly advises the Executive Board and monitors its management of the company. It meets for this purpose at least four times per year. Details on these meetings in the reporting period are published in the Supervisory Board Report of our Annual Report 2013 on page 76 - 80. The decisions of the Supervisory Board are made by adopting resolutions. These can also be adopted outside meetings with the aid telecommunications. Minutes are taken of the meetings and of the resolutions adopted outside meetings.

Due to its manageable size, the Supervisory Board of GFT AG continues to abstain from forming committees. All tasks can be reasonably performed by the Supervisory Board as a whole, whereby each individual member focuses on specific issues.

The Supervisory Board is directly involved in all fundamental decisions. Together with the Executive Board, it agrees on the company's strategic alignment and regularly discusses the development of business and the progress of strategy implementation with the Executive Board. Moreover, the Executive Board reports to the Supervisory Board swiftly, regularly and comprehensively on all current developments, business policy, company planning, the risk position and the company's risk management system and compliance. It also keeps the Supervisory Board informed about the development of the company's asset position and earnings. In the case of important decisions, the Executive Board calls upon the Supervisory Board to provide advice.

The Supervisory Board appoints and dismisses members of the Executive Board and signs service contracts with them. It is also responsible for long-term succession planning. The Supervisory Board determines the remuneration of Executive Board members and regularly reviews the compensation system with regard to its alignment with sustainable corporate development. It also ensures that all compensation components are suitable, individually and collectively, and are not conducive to taking inordinate risks. The Supervisory Board discusses the quarterly and half-yearly financial reports with reference to the results of the chief auditor's review. Based on the audit report of the auditing company elected by the Annual General Meeting, the Supervisory Board examines the Annual Financial Statements and Management Report prepared by the Executive Board, as well as the proposal for appropriating the balance sheet profit, the Consolidated Financial Statements and the Group Management Report, and submits a written report of its findings to the Annual General Meeting. If it approves the Annual Financial Statements, they are then adopted. The Supervisory Board generally adopts the Annual Financial Statements and Consolidated Financial Statements.

The Supervisory Board regularly examines the efficiency of its activities on the basis of a questionnaire and detailed discussions.

### **Disclosures on the Executive Board and Supervisory Board**

The Executive Board and Supervisory Board are obliged to pursue the company's interests and its strategic principles, which are geared in particular towards avoiding conflicts of interest. If the Supervisory Board discussed business transactions, or adopted resolutions, between GFT AG and companies for whom individual members of the Supervisory Board are engaged during the reporting period, the respective Supervisory Board members did not take part in such discussions in order to avoid any appearance of a conflict of interests. There were no consultancy or other contracts for work and services, nor other individual contracts, between the members of the Supervisory Board and the company. Neither GFT AG nor any of its affiliated companies as defined by section 15 et seq. AktG conducted business with members of the Executive Board or related persons.

The seats held by members of the Executive Board and Supervisory Board on mandatory supervisory boards or comparable committees are listed in the Annual Report 2013 on page 176 - 177. Relationships with affiliated companies and persons are presented on page 175 of our Annual Report 2013.

The company has taken out D&O insurance for the members of the Executive Board and Supervisory Board. The agreed excess in this D&O policy for the Executive Board members complies with the provisions of the German Stock Corporation Act. The agreed excess in the D&O policy for the Supervisory Board members, however, does not reach the amount suggested by the German Corporate Governance Code. Nevertheless, the company believes that the agreed excess is a sufficient incentive for the Supervisory Board to carry out its activities with due diligence and in accordance with statutory provisions.

### **Executive Board and Supervisory Board remuneration**

Total compensation for the Executive Board amounted to €2.68 million in 2013. On the basis of section 286 (5) HGB, the Annual General Meeting of 20 May 2010 voted with more than the requisite three-quarters majority against individualised disclosure for Executive Board members (opting out). The company believes that an overall description which maintains the protection of the individual provides sufficient transparency.

Executive Board compensation depends, for example, on the particular area of responsibility and is set by the Supervisory Board. For further details, please refer to the Remuneration Report on page 104 - 105 of our Annual Report 2013.

The remuneration of the Supervisory Board is regulated in the company's Articles of Association. With the approval of the Annual General Meeting of 15 May 2013, this exclusively fixed amount was adapted to the increased qualification and liability requirements, as well as to the market environment. This change became effective with the beginning of the first financial year following the amendment to the Articles of Association, i.e. on 1 January 2014. Further benefits or remuneration for personal services rendered, in particular for consulting and referral services, were not granted.

Members of the Supervisory Board	Remuneration for the financial year 2013 in €
Dr. Paul Lerbinger	22,000.00
Dr. Peter Opitz	16,500.00
Dr. Ing. Andreas Bereczky	11,000.00
Andreas Bernhardt	11,000.00
Prof. Dr. Hans-Peter Burghof	11,000.00
Dr. Thorsten Demel	11,000.00
Total	82,500.00

### **Shareholdings of the Executive Board and Supervisory Board of GFT AG**

According to section 6.3 of the German Corporate Governance Code, all shares in the company, or related financial instruments, held by members of the Executive Board and Supervisory Board are to be disclosed if the amount exceeds 1% (directly or indirectly) of shares issued by the company. If the total shareholdings of all Executive Board and Supervisory Board members exceed 1% of shares issued by the company, the total shareholdings are to be stated separately according to Executive Board and Supervisory Board.

At the end of the reporting period on 31 December 2013, members of the Executive Board held a total of 7,531,354 shares. Of this total, the Chairman of the Executive Board Ulrich Dietz held 7,393,514 shares. The members of the Supervisory Board held a total of 26,000 shares at the end of the reporting period.

### **Directors' Dealings**

Pursuant to section 15a WpHG, the members of the Executive Board and Supervisory Board of GFT AG are obliged to disclose the purchase and sale of GFT AG's shares and related financial instruments (Directors' Dealings). This also applies to certain employees with management responsibility and persons closely related to the above mentioned group. No transactions were reported to GFT AG in financial year 2013.

### **Share option programmes and similar share-based incentive schemes**

No members of the Executive Board or Supervisory Board, or any other employees of the GFT Group, are entitled to share option programmes or similar share-based incentive schemes.

### **Compliance**

In its rules of procedure, internal guidelines and Group Values, the GFT Group has formulated binding regulations regarding behaviour, processes and guiding values for the company and its employees. It is an overriding principle of senior management that all company employees comply with legally and

ethically correct procedures in their daily business and regard them as a matter of course. In order to ensure that compliance remains a firm component of company processes, all employees – including those of domestic and foreign subsidiaries – are regularly informed and trained. The Compliance Office, the Data Protection Officers and further internal offices provide support for GFT AG's chief corporate management and the management boards of GFT Group subsidiaries regarding the preparation and introduction of guidelines and processes and their compliance. With the aid of internal and external audits, compliance with all valid regulations is regularly reviewed and recommendations are provided for their ongoing development.

### Declaration of Compliance

The Government Commission on the German Corporate Governance Code made amendments to the Code in 2013: the version dated 13 May 2013 applies. Compared to the declaration of 10 December 2012, GFT AG amended its last Declaration of Compliance on 16 December 2013 in the following points, insofar as they concern recommendations of the German Corporate Governance Code:

*4.2.3 paragraph 2, sentences 1 to 7 “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. The amount of compensation shall be capped, both overall and for individual compensation components. The variable compensation components shall be related to demanding, relevant comparison parameters.”*

Since September 1<sup>st</sup>, 2013, the date of the renewal of the last two contracts of the members of the Executive Board, the company complies with these recommendations for all members of the Executive Board. Before September 1<sup>st</sup>, 2013 only two contracts included variable compensation elements based on a multi-year assessment; negative developments had been taken into account only for these two cases, due to the fact that the two old contracts have been concluded before this provision came into force and could only now be adapted in the course of their renewal.

*4.2.3 paragraph 2, sentence 8 “Changing such performance targets or the comparison parameters retroactively shall be excluded.”*

In the course of the renewal of two existing contracts with the members of the Executive Board, revenue goals have been eliminated as element of the variable compensation since they create wrong incentives. In order to ensure consistency, the elements of the variable compensation of the two members of the Executive Board have been adapted accordingly and, thus, the company deviates from section 4.2.3 paragraph 2, sentence 8 of the Code.

No reference is made to changes in the current Declaration of Compliance compared to the last declaration which result from the omission of recommendations in the latest version of the GCGC.

In all other cases, we refer to the Declaration of Compliance of 16 December 2013.

All Declarations of Compliance submitted so far are permanently available via the website of the GFT Group.

**Further information:**

[Corporate Governance of GFT](#)

[Declaration of Corporate Governance acc. to section 289a German Commercial Code \(HGB\)](#)

[The current Declaration of Compliance of 16 December 2013](#)

[German Corporate Governance Code](#)