

# Corporate Governance Statement 2018



for GFT Technologies SE and the GFT Group  
pursuant to sections 289f and 315d HGB (German  
Commercial Code)

---

Unless otherwise stated, the following disclosures refer to both GFT Technologies SE and the GFT Group.

---

## A. Declaration of Compliance of GFT Technologies SE

At its meeting on 11 December 2018, the Administrative Board of GFT Technologies SE submitted the following declaration pursuant to section 22 (6) SEAG in conjunction with section 161 AktG (German Stock Corporation Act):

### 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)**

(As at: 11 December 2018)

Since the last Declaration of Compliance on 12 December 2017, GFT Technologies SE has largely complied with the recommendations of the “Government Commission on the German Corporate Governance Code” (hereinafter referred to as the “Code”) as amended on 7 February 2017 and published in the German Federal Gazette (Bundesanzeiger) on 24 April 2017, and will continue to comply with them. In derogation thereof, the specific characteristics of the one-tier system of GFT Technologies SE set forth below under section I., and the exceptions set forth under section II. shall apply:

#### I. Specific characteristics of the one-tier structure of GFT Technologies SE

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 SE-VO (Council Regulation (EC) No 2157/2001 of 08 October 2001 on the Statute of the European Company (SE)) in conjunction with sections 20 et seq. SEAG (SE Implementation Act), 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 (see also paragraph 8 of the Foreword of the Code). 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.

GFT Technologies SE applies the recommendations of the Code for the supervisory board in principle to the Administrative Board of GFT Technologies SE and the recommendations of the Code for the management board to its Managing Directors. Due to the legal structure of the one-tier system, this applies with the following exceptions:

- The recommendations with regard to the management board in numbers 2.3.2 sentence 2 half-sentence 1 (Proxies Bound by Instructions), 3.10 sentence 1 (Corporate Governance Report) and 4.1.3 (Compliance) of the Code relate to the Administrative Board due to the allocation of authority in section 22 (6) SEAG.

The following special features also result from the monistic structure:

- In derogation from number 2.2.1 sentence 1, the Administrative Board shall submit the annual financial statements, the management report, the consolidated financial statements and the group management report to the general meeting, section 48 (2), sentence 2 SEAG.
- In derogation from numbers 2.3.1 sentence 1 and 3.7 (3), the Administrative Board is responsible for convening the general meeting in accordance with sections 48 and 22 (2) SEAG.
- Pursuant to section 22 (6) SEAG, the obligations of the management board set forth in numbers 3.7 (1) (Statement on a Takeover Bid) and (2) (Handling of a Takeover Bid), 4.1.1 (Company Management), 4.1.2 in conjunction with number 3.2 half-sentence 1 (Development of Company's Strategic Approach), number 4.1.4 (Risk Management and Risk Controlling) and 4.1.5 sentence 2 (Defining Targets for the Proportion of Women below the Management Board level) are the responsibilities of the Administrative Board.
- In contrast to management board members of a public limited company (Aktiengesellschaft - AG), the SEAG does not stipulate a fixed or a maximum term of appointment for the Managing Directors. Accordingly, the suggestion in number 5.1.2 sentence 6 and the recommendation in number 5.1.2 sentence 7 is not applied to the one-tier structure.
- In derogation from number 5.4.2 sentence 3 and 5.4.4, members of the Administrative Board can be appointed as Managing Directors provided that the majority of members of the Administrative Board continues to consist of non-executive members, pursuant to section 40 (1), sentence 2 SEAG.

## II. Deviations from the recommendations of the German Corporate Governance Code

### 3.8 paragraphs 2 and 3

***"If the corporation 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 remuneration of the Management Board member must be agreed.***

***A similar deductible shall be agreed in any D&O policy for the Supervisory Board."***

The company diverges from the recommendation of a deductible for the Administrative Board. With regard to the D&O insurance, no deductible is agreed upon for the members of the Administrative Board who have not also been appointed as Managing Directors. The company is of the opinion that a deductible for these members of the Administrative Board provides no additional incentive to carry out their activities with due diligence and in accordance with the statutory provisions.

#### 4.1.3

***“The Management Board ensures that all provisions of law and the company's internal policies are complied with, and endeavours to achieve their compliance by the group entities (Compliance). It shall also institute appropriate measures reflecting the company's risk situation (Compliance Management System) and disclose the main features of those measures. Employees shall be given the opportunity to report, in a protected manner, suspected breaches of the law within the company; third parties should also be given this opportunity.”***

The company has instituted appropriate measures reflecting the company's risk situation (Compliance Management System). The main features of the Compliance Management System are published on the company's corporate website.

Until the end of November 2018, employees who wanted to provide information in a protected manner about a suspected breach of the law within the company only had the option of sending an anonymous letter to the company. Since the end of November 2018, an additional Internet-based solution has been available, which employees of the GFT Group can use to provide anonymous information to the responsible office. In deviation, the staff in Germany will not be able to access the Internet-based solution until further notice due to a lack of agreement with the General Works Council.

#### 4.2.3 paragraph 4

***“When contracts are entered into with Management Board members, it shall be ensured that payments, including fringe benefits, made to a Management Board member due to early termination of their contract do not exceed twice the annual remuneration (Severance Cap) and do not constitute remuneration for more than the remaining term of the employment contract. If the employment contract of a Management Board member is terminated for good cause for which the Management Board member is responsible, no payments are made to that Management Board member. The severance cap shall be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, shall take into account the expected total remuneration for the current financial year.”***

The Administrative Board has not entered into an agreement with the Managing Directors in the event of any premature termination of the function as Managing Director. This is also not intended to be the case in the future. The company is of the opinion that in this regard the statutory provisions provide for a proper and equitable balance of interests in the event of a Managing Director's premature departure from office.

#### 4.2.5 paragraph 3 sentence 2

***“The model tables provided as appendices to this document shall be used to disclose this information.”***

The remuneration of the Managing Directors is disclosed in a personalised manner in the compensation report or in the notes to the financial statements. They contain all information required by number 4.2.5 of the Code. The company waives the use of the model tables as they do not provide the shareholders with any additional information.

### 5.3

#### **“Establishment of Committees”**

The Administrative Board previously waived the establishment of committees. In view of the manageable size of the Administrative Board, efficient work is also ensured without committees. All members of the Administrative Board are fully informed and involved in all decisions. Nevertheless, at the beginning of 2018, the Administrative Board set up a committee to take decisions in relation to a consultancy agreement concluded by GFT Technologies SE with a company whose sole shareholder and managing director is a member of the Administrative Board. The committee consists of three independent members of the Administrative Board and serves exclusively to exclude potential conflicts of interest from the outset when deliberating and adopting resolutions.

#### **5.4.1 paragraphs 2**

***“The Supervisory Board shall determine concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board. Within the company-specific situation the composition of the Supervisory Board shall reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2, an age limit and a regular limit to Supervisory Board members’ term of office, both to be specified, as well as diversity. The specific requirements of the co-determination acts (Mitbestimmungsgesetze) in regard of the elected employee representatives have to be taken into account.”***

When setting the targets for the composition of the Administrative Board, the latter did not set a regular limit for the term of office for members of Administrative Board. This recommendation is based on the assumption that the independence of a supervisory board member may be jeopardised when serving over several decades. However, the Administrative Board is also the company’s management body. In this regard, the interests of the Administrative Board differ from those of a supervisory board. A regular limit would inherently contravene the principally desired continuity of the management of the company. Insofar, the company diverges from number 5.4.1 (2) sentence 2 of the Code.

#### **5.4.2 sentence 3**

***“Not more than two former members of the Management Board shall be members of the Supervisory Board.”***

More than two former members of the previous Executive Board of GFT Technologies AG are members of the Administrative Board of GFT Technologies SE. This is solely due to the establishment of a one-tier organisational and management structure made in the course of the conversion. While in the two-tier system the executive board is responsible for the management function, the management competency in the one-tier system is assigned to the Administrative Board in accordance with article 43 (1) SE-VO. All Managing Directors of GFT Technologies SE were previously appointed as members of the Executive Board of GFT Technologies AG. Therefore, it necessarily follows from the desired personnel continuity in the management of the company that more than two former members of the Executive Board of GFT Technologies AG must belong to the Administrative Board after the conversion.

Stuttgart, 11 December 2018

GFT Technologies SE

The Administrative Board

## B. Corporate governance practices

GFT Technologies SE is the parent company of the GFT Group. The companies of the GFT Group act in accordance with the respective legal system and their articles and memoranda of association. Internal organisational arrangements have been made which form the basis for the responsible and legally compliant practices of the executive bodies and employees of GFT Technologies SE and the GFT Group. A description of the GFT Group's corporate governance practices is presented in the Corporate Governance Report. This is printed in the Annual Report 2018 and is also available online at <http://www.gft.com/governance>.

The following corporate governance practices are also applied:

### **Risk management of GFT Technologies SE and the GFT Group**

GFT Technologies SE and the GFT Group have a group-wide risk management system. This is oriented in particular to the respective size of the GFT Group, its geographic alignment and the complexity of its core business. The risk management system comprises numerous control processes and mechanisms. It is an essential element of the entrepreneurial decision-making process.

A central element of the group-wide risk management system is the Group Risk Committee (GRC), which is composed of Group executives. Each member is responsible for a defined area, such as financial risks or personnel risks. At the regular meetings of the GRC, each participant reports on the risks of the respective area. In this way, the members of the GRC conduct an assessment and determine whether a risk should be accepted or which active countermeasures should be taken to reduce the risk.

Details on the risk management system are presented in the combined management report. This is printed in the Annual Report 2018. The annual report can be viewed online at <https://www.gft.com/financialreports/>.

### **Accounting principles**

In accordance with section 315e HGB (German Commercial Code, the consolidated financial statements of GFT Technologies SE are prepared according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union and applicable on the balance sheet date. Details are provided in the notes to the consolidated financial statements 2018 (note 1). These are printed in the Annual Report 2018.

The annual financial statements of GFT Technologies SE are prepared in accordance with the regulations of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Details are provided in the notes to the annual financial statements 2018 (note 1). These are available online at <https://www.gft.com/financialreports/>.

## **C. Description of the working practices of the Administrative Board and Managing Directors of GFT Technologies SE**

GFT Technologies SE has a one-tier management and control structure in which a single governance body, the Administrative Board, is responsible for management. The Managing Directors are responsible for the operating business.

The company applies the disclosure obligations of section 289f (2) number 3 HGB and section 315d in conjunction with section 289f (2) number 3 HGB to the Administrative Board, wherever the supervisory board is mentioned, and to the Managing Directors, wherever the management board is mentioned.

## Administrative Board

Pursuant to section 22 (1) SEAG, the Administrative Board manages the company, defines the principles of its activities and supervises their implementation. It acts in compliance with the legal regulations, the articles of association and the rules of procedure for the Administrative Board. It also observes the recommendations of the German Corporate Governance Code taking into account the company's one-tier structure and the latest Declaration of Compliance it has issued.

The Administrative Board currently consists of seven members. They have the same rights and duties and are not bound by instructions. The CVs of the Administrative Board members are available online at <https://www.gft.com/administrative-board/>.

The principles of cooperation and the decision processes within the Administrative Board are defined in the articles of association of GFT Technologies SE and the rules of procedure for the Administrative Board. Six regular meetings of the Administrative Board are generally held per financial year. In addition, meetings or conference calls may be held if it is in the company's best interests or so requested by a member of the Administrative Board. The meetings of the Administrative Board are convened by the Chairman, who also sends notification of the agenda items. Resolutions are generally adopted during the meetings. The Administrative Board constitutes a quorum if at least half of all members take part in the adoption of resolutions. Members also take part in the adoption of a resolution if they abstain from voting. Should the vote be tied, the Chairman of the Administrative Board shall have two votes in accordance with legal regulations. In the case of instructions for the Managing Directors as a whole, or for individual Managing Directors, a qualified majority of 2/3 of the votes cast by the Administrative Board is required. Minutes are taken of the meetings, of decisions in the meetings and of any resolutions adopted outside meetings. In the case of urgent business transactions, resolutions are also adopted by conference call or by written circulation.

Members of the Administrative Board do not participate in discussions or the adoption of resolutions on transactions between themselves and GFT Technologies SE, or companies belonging to the GFT Group. This also applies if the contractual partner is not the member of the Administrative Board himself but a company for which the Administrative Board member works or in which he holds a controlling interest. This is to avoid any suspicion of a conflict of interest.

Due to the low number of its members, the Administrative Board generally refrains from forming any committees. Nevertheless, the Administrative Board set up a committee in early 2018 to decide on matters concerning a consultancy agreement which GFT Technologies SE concluded with a company whose sole owner and managing director is a member of the Administrative Board. The sole purpose of the committee is to exclude potential conflicts of interest when deliberating on and adopting resolutions. The committee comprises three independent Administrative Board members and reports in detail about its work after each meeting to the Administrative Board.

The Administrative Board is directly involved in all fundamental decisions of the company and its affiliates. It receives swift, regular and comprehensive information from the Managing Directors on all significant decisions and all relevant questions concerning planning, business development, risks, the implementation of risk management and compliance. The Managing Directors also report on deviations in the course of business from the stated plans and targets, stating the reasons for such deviations. The Managing Directors inform the Administrative Board immediately about exceptional events of particular importance. As a result, the Administrative Board is able to evaluate current business progress, any deviations from plans and forecasts, individual significant transactions and the company's strategic alignment, and discuss the respective topics in detail with the Managing Directors.

The Administrative Board appoints the Managing Directors and ensures long-term succession planning. It regulates the service relationship by means of the service contract and determines the remuneration of the Managing Directors.

Further information on the Administrative Board, especially its composition, is provided in the Corporate Governance Report. Details on the work of the committees and their composition can be found in the Report of the Administrative Board to the Annual General Meeting. Both reports are printed in the Annual Report 2018 and available on the website of GFT Technologies SE at <http://www.gft.com/financialreports/>.

## Managing Directors

GFT Technologies SE currently has two Managing Directors. At the same time, they are also members of the Administrative Board. GFT Technologies SE has made use of the authorisation in section 40 (1) sentence 2 SEAG to appoint members of the Administrative Board as Managing Directors provided that the majority of the Administrative Board's members are non-executive members. Moreover, the Administrative Board has appointed a Chief Executive Officer pursuant to section 16 (1) sentence 2 of the articles of association. Information on the individual Managing Directors and their areas of responsibility is available online at <https://www.gft.com/management/>.

In accordance with section 10 (2) of the articles of association of GFT Technologies SE, the Administrative Board has issued rules of procedure for the Managing Directors.

The Managing Directors act in accordance with legal regulations, the articles of association and its own rules of procedure. In addition, they observe the German Corporate Governance Code within the framework of the Declaration of Compliance most recently issued by the Administrative Board. The Managing Directors are obliged to pursue the company's interests and its strategic principles. As described above, they report to the Administrative Board regularly. The Administrative Board is also informed by the Managing Directors at scheduled intervals about compliance within the GFT Group. Moreover, the Chief Executive Officer is in regular contact with the Chairman of the Administrative Board.

The Managing Directors take joint responsibility for the company's business. The main tasks include the implementation of strategy, the operational management of the company, controlling, and the implementation of the risk management system adopted by the Administrative Board. In the case of certain transactions specified in the articles of association and the respective rules of procedure, they must obtain the prior consent of the Administrative Board.

The resolutions of the Managing Directors are always adopted at its meetings. These are generally held monthly. In urgent cases, resolutions are also adopted by written circulation, or by telephone or e-mail. The Chief Executive Officer is responsible for scheduling and convening the meetings, setting their agenda, chairing the meetings and taking minutes. The Managing Directors only constitute a quorum if all members take part in the vote. The Managing Directors must adopt resolutions unanimously. If there is no unanimity in a decision to be taken, the Chief Executive Officer decides whether to vote again immediately or to suspend the adoption of the resolution. In the event of suspension, a resolution must be adopted on the agenda item at the next meeting. If no unanimous decision of the Managing Directors is reached in the case of a directly repeated vote or after suspension, each Managing Director has the right to present the resolution to the Chairman of the Administrative Board, who must then mediate between the Managing Directors. If still necessary after such mediation, he must then seek a resolution of the Administrative Board which is binding for all Managing Directors.

The Managing Directors have not formed any committees.

The Managing Directors are assisted with the fulfilment of their tasks by the Group Executive Board. The tasks of the Group Executive Board include providing advice and preparing decisions.

Further information on the Managing Directors, especially their composition, is provided in the Corporate Governance Report. This is printed in the Annual Report 2018 and is also available on the website of GFT Technologies SE at <http://www.gft.com/governance>.

## **D. Targets for the share of women on the Administrative Board and on the two management levels below the Administrative Board**

At its meeting on 30 May 2017, the Administrative Board of GFT Technologies SE resolved that by 30 June 2022 the share of women

- (1) on the Administrative Board should be 28.6 percent and
- (2) on the first management level, comprising the Managing Directors of GFT Technologies SE, should be 30 percent and
- (3) on the second management level of GFT Technologies SE, comprising those directors and managers of GFT Technologies SE who report directly to one of the Managing Directors, the share of women should be 30 percent.

## **E. Diversity concept for the Administrative Board and the Managing Directors**

Section 289f (2) number 6 HGB and section 315d in conjunction with section 289f (2) number 6 HGB require the disclosure of a diversity concept for the composition of the executive body authorised to represent the company and the supervisory board with regard to aspects such as age, gender, educational or occupational background, as well as the objectives of this diversity concept, the manner in which it is implemented, and the results achieved in the financial year.

GFT Technologies SE applies this disclosure obligation with regard to the executive body authorised to represent the company to the Managing Directors, and with regard to the supervisory board to the Administrative Board.

**Diversity concept for the Administrative Board**

The members of the Administrative Board should have different professional and international experience and, as a whole, have the essential skills required in view of the GFT Group's activities. In particular, these include in-depth management experience and knowledge for a capital market-oriented, internationally operating group in the area of corporate strategy and development, and in other key areas such as controlling and risk management, auditing, legal affairs and compliance.

In addition, the Administrative Board should aim to achieve a balanced age structure among its members. Both sexes should be represented and the proportion of women should be at least 28.6 percent (see also the targets stated above for the share of women on the Administrative Board).

The aim of the concept is that the members of the Administrative Board as a whole have the skills and experience that are essential for the management and supervision of the GFT Group.

No elections were held for the Administrative Board in the financial year 2018. The Administrative Board believes that its current composition is in line with the diversity concept.

When selecting candidates for upcoming elections by the Annual General Meeting, the Administrative Board will take appropriate account of the diversity concept.

**Diversity concept for the Managing Directors**

In view of the fact that GFT Technologies SE currently only has two Managing Directors, no diversity concept is currently being pursued. Should additional Managing Directors be appointed, the Administrative Board will base its decision on a target share for women of 30 percent.

Stuttgart, 21 March 2019

GFT Technologies SE

The Administrative Board