



Declaration of Compliance 2010

**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: 13 December 2010)

1. GFT Technologies AG will comply with all recommendations of the “Government Commission on the German Corporate Governance Code” in the version of 26 May 2010 with the following exceptions:

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 at the General Meeting (§ 118 para. 1 clause 2 AktG) or the postal vote (§ 118 para. 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 the Shareholders the option of commissioning a proxy assigned by the Company to exercise the right to vote. The Shareholders therefore already have considerable opportunities of exercising their Shareholders' rights. Against this background, an additional possibility of online participation at the 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 concludes a D&O insurance for the Management Board, then an excess of at least 10% of the damage up to at least one and a half times the fixed annual remuneration of the Member of the Board is to be agreed upon. In a D&O insurance for the Supervisory Board, a corresponding excess shall be agreed upon.”*

The company will only accord this recommendation only for the Executive Board.

In the case of the D&O insurance for the Members of the Supervisory Board, an appropriate excess has been agreed upon which does not, however, fulfil the scope regulated in No. 3.8 of the codex. 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.”*

This recommendation was introduced with the revised version of the GCGC of 26 May 2010. When filling management positions the Executive Board makes sure there is diversity within the conditions of the legal framework. In the view of the Executive Board, any favouritism or discrimination of staff because of their gender is unacceptable by law. Insofar as this is required in the recommendation, the Company departs from this recommendation. Appropriate consideration of women within the legal provisions is however strived for.

4.2.3. ... "The remuneration structure is to be aligned to a sustainable development of the company. The monetary remuneration elements shall include both fixed and variable integral parts. The Supervisory Board must ensure that variable remuneration items have, in principle, an assessment basis spread over several years. Both positive as well as negative developments shall be reflected in the configuration of the variable remuneration items. All remuneration items must be, as such and also overall, appropriate and must not, above all, lead to the running of inappropriate risks." ...

This recommendation pertains to the revised version of § 87 AktG, valid as of 5 August 2009, which must be taken into account when reassessing the salary of members of the Executive Board. This new assessment has to date been applied in the Company only once due to a contract extension. The Executive Board will follow this recommendation when determining the salary of members of the Executive Board in the future and with new contracts and contract extensions. Hence, to date the one management contract needing to be extended has been adapted to the revised version of § 87 AktG. The contracts of the two other members of the Executive Board have not yet been adapted to the new legal situation; this is also intended for extension of contract. The salary regulation in the current management contracts is appropriate in the view of the Executive Board and does not lead to taking undue risks. In this regard, however, variable salary allocations have an assessment criterion extending over several years in only one case; allowances for negative developments have been made therefore only in this case when arranging the variable salary allocations.

4.2.3 ... "Upon conclusion of Management Board contracts, attention must be paid to ensure that payments to a Board Member in the event of premature termination of Board activities without any special reason, including fringe benefits, shall not exceed the amount of two years annual salary (redundancy payment cap) and shall not be for more than the remainder of the period of appointment. For the calculation of the redundancy payment cap, the overall remuneration of the previous financial year and, where appropriate, also of the foreseeable overall remuneration of the current financial year shall be taken into account." ...

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 overall remuneration of each Member of the Board, divided up according to fixed and variable remuneration items, is disclosed together with names. The same holds good for consent to payments, which are granted to a Member of the Board in the event of premature or regular termination of activities as Member of the Board or which have been amended during the financial year. The disclosure can be dispensed with if the General Shareholders' Meeting has decided otherwise with a two thirds majority."

The General Meeting of GFT Technologies AG decided on 20 May 2010, with more than the necessary majority, that the salary of the Members of the Executive Board should still not be individually disclosed. The individual disclosure of consent to payments, which are made to a Member of the Board in the event of premature termination of activities as a Member of the Board or which have been amended during the financial year, are similarly also not envisaged.

To this extent, in the opinion of the company, the personal interests of the individual Members of the Board are to be appropriately taken into account in the decision as to an individualized disclosure. The company is of the opinion that the authorized information requirements are sufficiently fulfilled for the event of such a departure via the disclosure of all payments made to the Board and a summary of consents to payment.

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 has to be composed in such a way that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks.”*

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.“ ...

This – legally contended – recommendation has been introduced with the revised version of the GCGC of 26 May 2010. When putting forward suggestions to the General Meeting for voting on members of the Executive Board, the Executive Board, alongside the remaining criteria named in subparagraph 5.4.1, also ensures that diversity in the composition of the board within the legal framework is a concrete goal. According to the Board of Directors, any favouritism or discrimination of candidates because of their gender is unacceptable by statute. Insofar as this is requested in the recommendation, the Company departs from this recommendation. However, appropriate consideration of female candidates within the legal provisions is strived for as a concrete goal when proposing candidates.

5.3. Formation of Committees

Considering the manageable size of the Supervisory Board, GTF 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.”*

Supervisory Board Members of GFT Technologies AG receive fixed compensation only. The company is of the opinion that this has an adequate incentive effect and prevents conflicts of interest during the monitoring activity.

2. Since the last Declaration of Compliance on 14 December 2009, GFT Technologies AG has complied with all recommendations of the “Government Commission on the German Corporate Governance Code” for the period from 14 December 2009 to 2 July 2010 (Code version dated 18 June 2009), as well as from 3 July 2010 until the date of this declaration (Code version dated 26 May 2010) with the following exceptions:

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 at the General Meeting (§ 118 para. 1 clause 2 AktG) or the postal vote (§ 118 para. 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 the Shareholders the option of commissioning a proxy assigned by the Company to exercise the right to vote. The Shareholders therefore already have considerable opportunities of exercising their Shareholders’ rights. Against this background, an additional possibility of online participation at the 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 concludes a D&O insurance for the Management Board, then an excess of at least 10% of the damage up to at least one and a half times the fixed annual remuneration of the Member of the Board is to be agreed upon. In a D&O insurance for the Supervisory Board, a corresponding excess shall be agreed upon.”*

The Company has complied with this recommendation as of 1 July 2010 only with respect to the Executive Board. Therefore the legal requirements have been implemented to their full extent.

In the case of the D&O insurance for the Members of the Supervisory Board, an appropriate excess has been agreed upon which does not, however, fulfil the scope regulated in No. 3.8 of the codex. 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.”*

This recommendation was introduced with the revised version of the GCGC of 26 May 2010. When filling management positions the Executive Board makes sure there is diversity within the conditions of the legal framework. In the view of the Executive Board, any favouritism or discrimination of staff because of their gender is unacceptable by law. Insofar as this is required in the recommendation, the Company departs from this recommendation. Appropriate consideration of women within the legal provisions is however strived for.

4.2.3 ... *“Upon conclusion of Management Board contracts, attention must be paid to ensure that payments to a Board Member in the event of premature termination of Board activities without any special reason, including fringe benefits, shall not exceed the amount of two years annual salary*

(redundancy payment cap) and shall not be for more than the remainder of the period of appointment. For the calculation of the redundancy payment cap, the overall remuneration of the previous financial year and, where appropriate, also of the foreseeable overall remuneration of the current financial year shall be taken into account.” ...

This recommendation pertains to the revised version of § 87 AktG, valid as of 5 August 2009, which must be taken into account when reassessing the salary of members of the Executive Board. This new assessment has to date been applied in the Company only once due to a contract extension. The Executive Board will follow this recommendation when determining the salary of members of the Executive Board in the future and with new contracts and contract extensions. Hence, to date the one management contract needing to be extended has been adapted to the revised version of § 87 AktG. The contracts of the two other members of the Executive Board have not yet been adapted to the new legal situation; this is also intended for extension of contract. The salary regulation in the current management contracts is appropriate in the view of the Executive Board and does not lead to taking undue risks. In this regard, however, variable salary allocations have an assessment criterion extending over several years in only one case; allowances for negative developments have been made therefore only in this case when arranging the variable salary allocations.

4.2.3. ... “The remuneration structure is to be aligned to a sustainable development of the company. The monetary remuneration elements shall include both fixed and variable integral parts. The Supervisory Board must ensure that variable remuneration items have, in principle, an assessment basis spread over several years. Both positive as well as negative developments shall be reflected in the configuration of the variable remuneration items. All remuneration items must be, as such and also overall, appropriate and must not, above all, lead to the running of inappropriate risks.” ...

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. 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 overall remuneration of each Member of the Board, divided up according to fixed and variable remuneration items, is disclosed together with names. The same holds good for consent to payments granted to a Member of the Board in the event of premature or regular termination of activities as Member of the Board or which have been amended during the financial year. The disclosure can be dispensed with if the General Shareholders' Meeting has decided otherwise with a two thirds majority.”

The General Shareholders' Meeting of GFT Technologies AG decided with a three quarters majority on 20 May 2010 that the remuneration of Members of the Board shall not be individually disclosed. The individual disclosure of consent to payments, which are made to a Member of the Board in the event of premature termination of activities as a Member of the Board or which have been amended during the financial year, are similarly also not envisaged.

The company is of the opinion that the authorized information requirements are sufficiently fulfilled for the event of such a departure via the disclosure of all payments made to the Board and a summary of consents to payment. To this extent, in the opinion of the company, the personal interests of the individual Members of the Board are to be appropriately taken into account in the decision as to an individualized disclosure.

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 has to be composed in such a way that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks.”

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.“ ...

This – legally contended – recommendation has been introduced with the revised version of the GCGC of 26 May 2010. When putting forward suggestions to the General Meeting for voting on members of the Management Board, the Management Board, alongside the remaining criteria named in subparagraph 5.4.1, also ensures that diversity in the composition of the board within the legal framework is a concrete goal. According to the Board of Directors, any favouritism or discrimination of candidates because of their gender is unacceptable by statute. Insofar as this is requested in the recommendation, the Company departs from this recommendation. However, appropriate consideration of female candidates within the legal provisions is strived for as a concrete goal when proposing candidates.

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Considering the manageable size of the Supervisory Board, GTF 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.”

Supervisory Board Members of GFT Technologies AG receive fixed compensation only. The company is of the opinion that this has an adequate incentive effect and prevents conflicts of interest during the monitoring activity.

GFT Technologies AG

13 December 2010