

Corporate Governance Report

The Administrative Board regards corporate governance as a system for good and responsible management of the company. It is an important foundation for the sustainable value creation of the GFT Group.

Corporate governance of GFT Technologies SE and the GFT Group

GFT Technologies SE is a European Company (SE) listed in Germany. It is primarily subject to the guidelines of Regulation (EC) number 2157/2001 of 8 October 2001 on the Statute for a European Company (SE Regulation) and the German Act Implementing Regulation (EC) number 2157/2001 on the Statute for a European Company ("SE-Ausführungsgesetz" – SEAG). Insofar as the SE Regulation and the SEAG do not contain more specific regulations, the German Stock Corporation Act (Aktengesetz – AktG) also applies, among others. Further elements of corporate governance are the articles of association of GFT Technologies SE and the rules of procedure for the Administrative Board and the Managing Directors.

With a few justified exceptions, GFT Technologies SE observes the recommendations of the GCGC (www.dcgk.de/en). The latest Declaration of Compliance of the Administrative Board of GFT Technologies SE concerning the recommendations of the "Government Commission on the German Corporate Governance Code" is permanently available on the corporate website of GFT Technologies SE at (www.gft.com/governance). This also applies to declarations of compliance submitted in previous years.

The Administrative Board of GFT Technologies SE regularly considers the structuring of the corporate governance of the company and the Group. It observes all legal regulations and the recommendations of the government commission's latest German Corporate Governance Code (GCGC), insofar as no deviations are explained in its Declaration of Compliance.

In addition, the respective local legislation applies for the companies belonging to the GFT Group. The rules of procedure for these affiliated companies take both these regulations into account as well as those of the Group's parent company GFT Technologies SE.

The Managing Directors and all managers of the GFT Group are responsible for the implementation of corporate governance in the consolidated companies.

Shareholders, Annual General Meeting and Investor Relations

Shareholders exercise their rights and cast their votes at the General Meeting of GFT Technologies SE, where they can interact directly with the Administrative Board and the Managing Directors. The Annual General Meeting is held once per calendar year. GFT Technologies SE publishes the necessary documents and information on its website in preparation for the event. Shareholders can cast their votes at the General Meeting either in person or via a proxy of their choice. The company also appoints one or more proxies who are bound by the voting instructions received. Shareholders can issue their instructions to these proxies in writing, by fax or electronically. Those shareholders attending the General Meeting can also instruct a proxy to vote for them in accordance with the conditions announced at the General Meeting.

The company provides its shareholders, as well as financial analysts, shareholders' associations, the media and interested members of the public, with regular and up-to-date information on the development of business. Information on the company's extensive Investor Relations activities is presented on the website of GFT Technologies SE (www.gft.com/ir). There is also a financial calendar here with sufficient advance notification of important regular publications (such as the consolidated financial statements and annual financial statements, the half-yearly financial report and the interim statements), as well as the dates of the Annual General Meeting and the analysts' conferences. The latest investor presentations and analyst assessments are also available here.

Governing, supervisory and management bodies, single-tier management and control structure

GFT Technologies SE has a single-tier management and control structure. It is characterised by the fact that the company is managed and supervised by a single executive body, the Administrative Board. The Managing Directors are responsible for the company's operating business.

Administrative Board

The Administrative Board of GFT Technologies SE consists of seven members. It comprises leading business figures with detailed knowledge and international experience of the IT sector, banking, finance and law. The Administrative Board consists exclusively of shareholder representatives.

Details on the members of the Administrative Board including their CVs are available on the website of GFT Technologies SE (www.gft.com/administrative-board). In the financial year 2018, two of the seven members of the Administrative Board were appointed as Managing Directors; consequently, the non-executive members of the Administrative Board were in the majority.

All members of the Administrative Board were elected by the Annual General Meeting of 23 June 2015 for the period ending on expiry of the Annual General Meeting which decides on discharge for the financial year 2020, but for no longer than six years per term. Two members of the Administrative Board already served on the Supervisory Board of GFT Technologies AG before its conversion to GFT Technologies SE in 2015: Dr Paul Lerbinger as of 14 January 2011 (in the period from 31 May 2011 to 31 May 2017, he was Chairman of the Supervisory Board and after the company's conversion Chairman of the Administrative Board) and Dr-Ing Andreas Bereczky as of 31 May 2011.

The Administrative Board is responsible for management in a single-tier system, whereas this role is allocated to the Executive Board in a dual-tier system. During the conversion of GFT Technologies AG into a single-tier SE company in 2015, the aim was to achieve the greatest possible continuity in the company's management. For this reason, the first Administrative Board of GFT Technologies SE includes three former members of the Executive Board of GFT Technologies AG. In the financial year 2018, two of these persons were appointed as Managing Directors.

Information about the meetings of the Administrative Board in the financial year 2018 is published in the Administrative Board Report contained in the Annual Report 2018. Information on the working procedures of the Administrative Board can be found in the combined Corporate Governance Statement. This is published on the website of GFT Technologies SE (www.gft.com/governance).

Skills profile, targets for composition and independence

The Administrative Board has adopted a skills profile for its members and targets for its composition.

Skills profile

The members of the Administrative Board as a whole should 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 accordance with section 27 (1) sentence 4 SEAG in conjunction with section 100 (5) AktG, at least one member of the Administrative Board must also have expertise in the areas of accounting or auditing and the members as a whole must be acquainted with the information technology industry.

Targets for composition

The Administrative Board of GFT Technologies SE should also be composed in such a way that more than half the members are independent, conflicts of interest are avoided, the ownership structure is reflected, and diversity is taken into account.

The Administrative Board has set targets for the proportion of female members in line with statutory obligations arising from the German law on the equal participation of women and men in leadership positions in the private and the public sectors of 24 April 2015. On 30 May 2017, the Administrative Board resolved that the share of women on the Administrative Board was to be 28.6% on 30 June 2022.

A regular limit to the term of office for Administrative Board members has not been set, in derogation from number 5.4.1 (2) GCGC. A regular limit would contradict the desired continuity in the management of the company by the Administrative Board.

Achievement of composition targets

The current Administrative Board meets the desired skills profile. The members as a whole are acquainted with the sector in which the company operates. Moreover, the Administrative Board meets all targets regarding composition, including the determined share of female members.

Independence

The Administrative Board believes that four of its members are independent as defined by 5.4.2 GCGC: these are Dr Paul Lerbinger, Dr-Ing Andreas Bereczky, Maria Dietz and Prof Dr Andreas Wiedemann. In accordance with the GCGC, the Administrative Board also believes that family or business relations with shareholders or between members of the Administrative Board only call its independence into question if these relations might lead to permanent conflicts of interest. There were no such conflicts in the financial year 2018.

Disclosures on the respective professions of Administrative Board members and a list of the seats they hold on mandatory supervisory boards or comparable committees in Germany and abroad are contained in the CVs provided online (www.gft.com/administrative-board). Disclosures on their relations with related companies and persons are presented in the notes to the consolidated financial statements.

Managing Directors

GFT Technologies SE has two Managing Directors. Marika Lulay is the Chair of the Managing Directors and Chief Executive Officer (CEO). Dr Jochen Ruetz is appointed as a further Managing Director. The divisions they head are presented in the notes to the consolidated financial statements.

Information on the working procedures of the Managing Directors is provided in the combined Corporate Governance Statement for the GFT Group and GFT Technologies SE (www.gft.com/governance).

In addition, a Group Executive Board has been set up to support the Managing Directors in the execution of their tasks. Its remit is to advise and prepare decisions.

Remuneration for members of the Administrative Board and the Managing Directors

Disclosures on remuneration for members of the Administrative Board and the Managing Directors are to be found in the Remuneration Report section of the combined management report for the GFT Group and GFT Technologies SE. There are no stock option programmes or similar equity-based incentive systems.

Managers' transactions

In accordance with article 19 of regulation (EU) number 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation), all persons performing managerial duties and persons closely related to them must report within three business days all transactions with shares of GFT Technologies SE and related financial instruments to the issuer and the German Federal Financial Supervisory Authority. However, this only applies to transactions made after a total volume of €5,000 within a calendar year has been reached.

GFT Technologies SE must publish the corresponding information without delay, and no later than three business days after receipt.

The information received and published by GFT Technologies SE can be found online at www.gft.com/governance. It is also printed in the Company Register.

Compliance

It is an overriding principle of the Administrative Board that all employees of the GFT Group comply with legally and ethically correct procedures in their daily business. The most important principles of the GFT Group on this matter are summarised in the "Code of Ethics & Code of Conduct". A compliance management system based on the GFT Group's risk situation has been introduced. It comprises the following levels of action: prevention, detection, reaction and improvement.

The Compliance Office set up by the Administrative Board is responsible for the group-wide implementation of the compliance management system. The Compliance Office prepares guidelines and instructions, conducts training and provides advice in individual cases.

Employees are encouraged to report infringements of laws or corporate guidelines. Various communication channels are available for this purpose. If there is any suspicion of misconduct, the Compliance Office leads the investigation efforts.

The Administrative Board continuously analyses the business structure, group size, areas of activity, regional orientation and many other aspects. It is assisted by the Compliance Office. Based on this analysis, the Administrative Board assesses the compliance and reputational risks arising from the company's business operations. Where necessary, it initiates the appropriate adjustments to the compliance management system.