

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: 14 December 2020)

The German Corporate Governance Code as amended on 16 December 2019 (hereinafter referred to as the “Code 2020”) was published in the German Federal Gazette (Bundesanzeiger) on 20 March 2020. As of this date, the Code 2020 forms the basis for Declarations of Compliance according to section 161 AktG. Until 20 March 2020, the German Corporate Governance Code as amended on 7 February 2017 and published in the German Federal Gazette on 24 April 2017 (hereinafter referred to as the “Code 2017”) formed the basis.

With due regard to the specific characteristics of the one-tier system of GFT Technologies SE set forth in its Declaration of Compliance dated 10 December 2019, supplemented on 4 March 2020, as well as the exceptions listed therein, GFT Technologies SE complied with the recommendations contained in the Code 2017 until 20 March 2020.

Since 20 March 2020, GFT Technologies SE has complied with the recommendations on corporate governance contained in the Code 2020 and will continue to comply with them. All exceptions are explained below in section III. The principles for transferring the recommendations of the Code 2020 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 2020 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 2020 with regard to the dual German corporate governance system are only directly applicable to a one-tier SE to a limited extent. In particular, pursuant to paragraph 8 sentence 2 of the foreword, the principles and recommendations of the Code 2020 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 2020 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 2020 to the one-tier structure of GFT Technologies SE

GFT Technologies SE transfers the principles, recommendations and suggestions of the Code 2020 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. 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 § 84 (3) AktG, members of the management board of a stock corporation may only be removed if there is good cause.

According to section 40 (5) SEAG, managing directors may be dismissed at any time even without good cause. Against this background, Recommendations B.3 and B.4 are not transferred to the one-tier SE.

6. 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 2020

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 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.

Employees of the GFT Group not only have the option of sending anonymous letters to the company but can also use an Internet-based solution to provide anonymous information to the responsible office of the GFT Group. Due to a lack of agreement with the General Works Council, employees in Germany are not able to access the Internet-based solution.

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.”*

This recommendation 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.

Neither an Audit Committee nor a Nomination Committee has been established (see below).

Recommendations D.2 to D.5 “Supervisory Board committees” and Recommendation D.11

In view of its manageable size, the Administrative Board has so far waived the establishment of committees, and in particular an Audit Committee and a Nomination Committee. The Administrative Board comprises seven members, two of whom have been appointed as Managing Directors and are therefore, in the opinion of the Administrative Board, not eligible to serve on committees. Efficient work is also ensured without committees. All Administrative Board members are fully informed and involved in all decisions. Accordingly, the regular assessment of the quality of the financial statement audit is performed by the Administrative Board as a whole.

Nevertheless, 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 managing director is the Chair 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.

Recommendation F.2 *“The consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period.”*

As explained in the Amendment to the Declaration of Compliance dated 4 March 2020, the company did not publish the consolidated financial statements and the consolidated management report 2019 until April 2020 and thus not within the recommended period of 90 days after the end of the reporting period. The reason for this was the implementation of a new consolidation software, which resulted in more time being required for the preparation of the consolidated financial statements and group management report. The Administrative Board considered the one-time deviation from the above recommendation to be reasonable in order to ensure proper financial reporting.

The recommendation will be complied with again in future.

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. This promotes the company's long-term development.

Moreover, the remuneration system stipulates that one third of total short-term variable remuneration is not paid out immediately, but is 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 fluctuations in the share price have no effect on long-term variable remuneration.

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 two thirds of the total variable remuneration with a one-year assessment basis is paid out in cash after the end of the financial year in question. The remaining third is converted to the respective long-term variable remuneration (LTI). 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 this structure is sufficient to encourage 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 sentence 2 *“It shall be permitted to retain or reclaim 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, 14 December 2020

GFT Technologies SE

The Administrative Board