

Declaration of Compliance 2017

- Convenience Translation -

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 § 161 of the German Stock Corporation Act (Aktiengesetz)

(As at: 12 December 2017)

Since the last Declaration of Compliance of 5 December 2016, GFT Technologies SE (hereinafter also referred to as "GFT SE") has largely complied with the recommendations of the "Government Commission on the German Corporate Governance Code" (hereinafter the "Code") as amended on 5 May 2015, announced in the German Federal Gazette (Bundesanzeiger) on 12 June 2015. GFT has also largely complied with and will comply in the future with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on 7 February 2017, announced in the German Federal Gazette on 24 April 2017. In derogation thereof, the specific characteristics of the monistic system of GFT SE set forth below under Section I., and the exceptions set forth under Section II. (the indication of sections, paragraphs, and sentence numbers of the Code provisions refer to the version of 7 February 2017) shall apply:

I. Specific features under the monistic structure of GFT SE

Pursuant to § 5 (1) of its Articles of Incorporation, GFT SE has a monistic corporate governance and control structure. Pursuant to Art. 43-45 SE-VO (Council Regulation (EC) No 2157/2001 of 08 October 2001 on the Statute of the European company (SE)) in conjunction with §§ 20 et seqq. SEAG (Gesetz zur Ausführung der Verordnung (EG) Nr. 2157/2001 des Rates vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft, SE-Ausführungsgesetz, Act on the implementation of regulation (EC) no. 2157/2001 of the council of 08 October 2001 on the Statute of the European Company, SEAG), the monistic

system is characterised by the fact that a single governing body, the Administrative Board, is responsible for the management of the company, cf. paragraph 8 of the Preamble 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 SE applies the recommendation of the Code for the Supervisory Board in principle to the Administrative Board of GFT SE and the recommendation of the Code for the Management Board to its Managing Directors.

This applies with the following exceptions regarding the legal structure of the monistic system:

- In derogation from Section 2.2.1 sentence 1 of the Code, 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, § 48 para. 2, sentence 2 SEAG.
- In derogation from Section 2.3.1 sentence 1, and Section 3.7 para. 3 of the Code, the Administrative Board is responsible for convening the general meeting, §§ 48 and 22 para. 2 SEAG.
- The competencies of the Management Board set forth in Section 2.3.2, sentence 2 (proxies bound by instructions), section 3.7 para. 1 (Statement on a Takeover Bid) and para. 2 (Handling of a Takeover Bid), and Section 3.10 (Corporate Governance Report), 4.1.1 (Management of the Company), Section 4.1.2 in conjunction with 3.2, half-sentence 1, (Development of the Company's Strategic Orientation), Section 4.1.3 (Compliance), Section 4.1.4 (Risk Management and Controlling), and Section 4.1.5 sentence 2 (Determining Targets for the Share of Women below the Management Board Level) of the Code are the responsibilities of the Administrative Board of GFT SE, § 22 para. 6 SEAG.
- In derogation from Section 5.1.2 sentences 6 and 7 of the Code, Managing Directors, contrary to members of the Management Board, are not subject to a definite and maximum permissible appointment period, § 40 para. 1, sentence 1 SEAG.
- In derogation from Section 5.4.2 sentence 3 and Section 5.4.4 of the Code, members of the Administrative Board can be appointed as Managing Directors, provided that the majority of the Administrative Board continues to consist of non-managing members, § 40 para. 1, sentence 2 SEAG.

II. Exception to the Recommendations of the Corporate Governance Code

Section 3.8 paragraphs 2 and 3

"If the company takes out a D & O insurance policy for the Management Board, a deductible of at least 10% of the damage up to at least one and a half times the amount of the fixed annual remuneration of the member of the Management Board must be agreed upon.

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

The company diverges from the recommendation of a deductible for the Administrative Board. For a D&O insurance, no deductible has been agreed upon for those members of the Administrative Board who have not been concurrently appointed as Managing Directors. The company believes that a deductible for such members of the Administrative Board provides no additional incentive to perform their activities properly and in accordance with the statutory provisions.

Section 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 have not been disclosed in the past, since the company did not consider this necessary. However, it is intended to disclose the main features on the company's website in 2018. Until such time, the company diverges from the corresponding recommendation.

There is an opportunity for employees to report suspected breaches insofar as employees are not threatened with disadvantages if they report suspected breaches in good faith that subsequently prove to be unfounded. To the extent that this recommendation aims to ensure

that instead or in addition an opportunity for giving anonymous hints should be granted, such an opportunity, with the exception of anonymous letters, does currently not exist. In the company's opinion, providing such an opportunity has previously not been necessary, given the company's organisational structure. However, it is intended to create such an opportunity in the course of the year 2018. Employees will then have the opportunity, through an internet-based solution, to report suspected breaches – anonymously, if necessary – to the competent GFT SE body.

Section 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 neither entered into an agreement with the Managing Directors in the event of any premature termination of the function as Managing Director, nor is such an agreement intended in the future. The company believes 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.

Section 4.2.5 last paragraph

"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 remuneration report or in the annex. They contain all information required by section 4.2.5 of the Code. The company waives the use of the model tables since their use does not provide the shareholders with any additional information.

Section 5.3 "Establishment of Committees"

The Administrative Board waives the establishment of committees. An efficient activity is ensured in view of the manageable size of the Administrative Board. All members of the Administrative Board are fully informed and involved in all decisions.

Section 5.4.1 paragraph 2 to 4

"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.

In listed corporations subject to the Co-determination Act, the Co-determination Act for the Coal, Iron and Steel Industry (Montan-Mitbestimmungsgesetz) or the Act Supplementing the Co-determination Act for the Coal, Iron and Steel Industry (Mitbestimmungsergänzungsgesetz), the Supervisory Board comprises at least 30% women and at least 30% men. In other corporations subject to the Gender Equality Act (Gleichstellungsgesetz), the Supervisory Board determines targets for the share of female members.

Proposals by the Supervisory Board to the General Meeting shall take these targets into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. The implementation status shall be published in the Corporate Governance Report. This report shall also provide information about what the Supervisory Board regards as the appropriate number of independent Supervisory Board members representing shareholders, and the names of these members."

The Administrative Board has thus far refrained from specifying concrete targets for its composition and from developing an overall profile of required skills and expertise, since it believed that in doing so, it would lose the necessary flexibility in the designation of candidates for the election to the Administrative Board. However, in its meeting of 12 December 2017, the Administrative Board has now set corresponding targets and adopted a skills profile.

A regular limit to the term of office of the members of Administrative Board has not been set, because this recommendation also aims at preventing potentially compromising the independence of a member of a Supervisory Board, if such member is part of such a body for decades. However, the Administrative Board is concurrently the company's executive body. In this regard, interests of the Administrative Board are different than those of the Supervisory Board. A regular limit would inherently contravene the principally desired continuity of the management of the company. Insofar, the company diverges from Section 5.4.1 para. 2 of the Code.

Section 5.4.2 sentence 3

"No more than two former members of the Management Board shall be members of the Supervisory Board."

More than two former members of the previous Management Board of GFT AG are members of the Administrative Board of GFT SE. However, this is solely due to the establishment of a monistic organisational and management structure made in the course of the conversion. While in the dualistic system the Management Board is responsible for the management function, in the monistic system the management competency is assigned to the Administrative Board in accordance with article 43 para. 1 SE-VO. All Managing Directors of GFT SE were previously appointed as members of the Management 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 Management Board of GFT Technologies AG are members of the Administrative Board after the conversion.

Stuttgart, 12 December 2017

GFT Technologies SE

The Administrative Board