

Declaration of Compliance by CENTROTEC Sustainable AG in respect of the German Corporate Governance Code

CENTROTEC Sustainable AG will comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated May 21, 2003, with the exception of the aspects detailed below:

Section 4.2.3 of the Code recommends that the remuneration of the Management Board should comprise a variable as well as a fixed component. The variable component is, among other things, intended to be performance-related, have a long-term incentivising effect and possess a risk character. The Code quotes stock options schemes as an example. Centrotec has been operating a stock options scheme, applicable not only to Management Board members but also to executive staff and other employees, since 1999. We believe that the scheme reflects the spirit of the Code, but we draw attention to two aspects which could be interpreted as a departure from it. The Code recommends reference to comparative parameters. The stock options scheme envisages a performance target based on the absolute rise in the share price. This form was chosen in order to provide an incentive for success in absolute rather than relative terms. The Code in addition recommends that the variable remuneration be capped. In the case of the options, this was realised through allowing their exercise only within a limited time frame (for the first time two years after issue, for the last time seven years after issue). Options received as a result of the attainment of targets are not retrospectively withdrawn by the company or the parameters governing them altered. Alongside the aforementioned share price target, the exercising of the options is moreover linked to further internal performance targets in order to preserve a demanding but equitable form of variable remuneration.

Section 4.2.4 of the Code recommends that the remuneration of the Management Board be reported broken down according to fixed payments, performance-related components and components with a long-term incentivising effect. This we do. However, no individualised disclosures concerning levels of remuneration are made, as we regard the protection of the private sphere as more important than the value of additional information on how the total volume of remuneration, which we do not believe to be above-average, is broken down between the individuals in question.

Section 5.3 of the Code recommends the formation of committees on the Supervisory Board. This is, however, to take place subject to the specific circumstances of the company and the number of members of the Supervisory Board. Our Supervisory Board comprises three members, who consider all matters concerning the company jointly. Consequently, we do not regard the creation of committees to be appropriate in our case. We believe that our view is compatible with the Code, but supply this information as a precautionary measure by way of clarification.

Centrotec moreover observes all target requirements of the Code.

Since the last Declaration of Compliance dated February 27, 2004 Centrotec has satisfied the recommendations of the "Government Commission on the German Corporate Governance Code", in the version dated May 21, 2003, with the exception of the aspects mentioned.

Brilon, February 28, 2005

CENTROTEC Sustainable AG

Dr. Gert-Jan Huisman, Chairman, Finance

Martin Beijer, Gas Flue Systems

Dr. Alexander Kirsch, Medical Technology & Engineering Plastics, Strategy and Expansion

Rob Slemmer, Climate Systems

Dr. Christoph Traxler, Medical Technology & Engineering Plastics