

**Declaration by the Management Board and Supervisory Board
of CENTROTEC Sustainable AG on the German Corporate Governance Code
pursuant to Section 161 of German Stock Corporation Law**

Background

On February 26, 2002 the "Government Commission on the German Corporate Governance Code" presented a code of practice for management boards and supervisory boards of listed companies. This Code was last updated on June 12, 2006. The objective is to render the German corporate governance system transparent and intelligible, and to promote investors' confidence in the way German listed companies are supervised.

Pursuant to Section 161 of German Stock Corporation Law, the Management Board and Supervisory Board of a company listed on the stock exchange are obliged to declare once a year whether and to what extent the code has been and is complied with.

Declaration of Conformity

The Management Board and Supervisory Board of CENTROTEC Sustainable AG declare that CENTROTEC has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated June 12, 2006 since the last Declaration of Conformity dated February 27, 2006, based on the version dated June 2, 2005, with one exception. This concerns Section 5.3 of the Code with the recommendation on 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.

Along with the annual financial statements, a remuneration report on the remuneration of the Supervisory Board and Management Board members was prepared in accordance with the structure recommended in Section 4.2 of the Code. In agreement with Section 4.2.3, the report contains the overall remuneration of the Management Board members and covers all monetary remuneration components, retirement benefits and other pledges, fringe benefits and third-party benefits agreed in connection with service on the Management Board or granted in the financial year.

The Management Board and Supervisory Board of CENTROTEC Sustainable AG would furthermore like to make the following clarifications and comments on two sections of the Code:

1) 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, nor the parameters governing them altered. In addition to 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.

2) Section 5.4.2 of the Code recommends that the Supervisory Board should include an adequate number of members who – in the board's own opinion – are deemed to be independent. A member is to be regarded as independent if they have no business or personal relations with the company or with its Management Board that could constitute a conflict of interests. In its own opinion, our Supervisory Board includes an adequate number of independent members. Although Supervisory Board members do have business relations with the company, this does not constitute a conflict of interests.

CENTROTEC otherwise observes all target requirements of the Code.

Brilon, February 28 2007

On behalf of the Management Board:

Dr. Gert-Jan Huisman
(Chairman)

On behalf of the Supervisory Board:

Guido A. Krass
(Chairman)