



Declaration by the Management Board and Supervisory Board of CENTROTEC Sustainable AG, Brilon, on the German Corporate Governance Code (Section 161 of German Stock Corporation Act)

The background

On February 26, 2002 the “Government Commission on the German Corporate Governance Code” first presented a code of practice for listed companies. This Code was last updated on May 5, 2015.

Pursuant to Section 161 of the German Stock Corporation Act, 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 Compliance

The Management Board and Supervisory Board of CENTROTEC Sustainable AG declare that the recommendations of the “Government Commission on the German Corporate Governance Code” in the version dated June 24, 2014 and subsequently in the version dated May 5, 2015 are and have been complied with since the last Declaration of Conformity, dated April 2015, with the exceptions stated below.

1) Article 4.2.1 of the Code recommends that the Management Board should have a Chairman or Spokesman. Since April 3, 2014 our Management Board has comprised two members, who conduct the duties of the Management Board jointly and with equal rights. We believe that in view of the size of the Management Board and its structure, it is not appropriate or in the interests of the company to appoint a Spokesman or Chairman.

2) Article 5.3 of the Code recommends the formation of committees on the Supervisory Board. These shall, however, be dependent on the specific circumstances of the company and the number of members of the Supervisory Board. Our Supervisory Board consists of 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.

3) Under 5.4.1 the Code recommends that the Supervisory Board, when determining the goals for its composition, should also specify a limit to the period for which a member may serve on it. Bearing in mind the number of Supervisory Board members and the shareholder structure, we consider the introduction of a limit to the period of service to be inappropriate in our case.

4) Article 5.4.2 of the Code recommends that the Supervisory Board includes 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, its corporate bodies, a controlling shareholder or an affiliated company that could constitute a substantial and not merely temporary conflict of interests. In its own opinion, our Supervisory Board includes an adequate number of independent members. Although individual members of the Supervisory Board are shareholders and occasionally have business relations with the company, this does not constitute a conflict of interests.

Brilon, April 2016

The Management Board:

Dr Thomas Kneip

Dr Christoph Traxler

On behalf of the Supervisory Board:

Guido A Krass
(Chairman)