



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

Background

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

According to § 161 German Stock Corporation Act (AktG) the Management Board (Vorstand) and Supervisory Board (Aufsichtsrat) of a listed company have to declare annually if and in how far the company complies with the Code.

Declaration of Compliance

The Management Board (Vorstand) and Supervisory Board (Aufsichtsrat) 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 respectively thereafter in the version of May 5, 2015 have been complied with and will be complied with following the last Declaration of Conformity (Entsprechenserklärung) of April 2016, subject to the following reservations.

1) Section 4.2.1. of the Code recommends that the Management Board (Vorstand) shall have a Chairperson or a Spokesman. Since April 3, 2014 our Management Board consists of two Members, who carry out the duties of the Management Board together and are equally ranked. It is therefore, in our opinion and in the interest of the company, also in view of the number of Members of the Management Board and his structure, not advisable to nominate a Chairperson or Spokesman of the Management Board.

2) Section 5.3 of the Code recommends the formation of committees on the Supervisory Board (Aufsichtsrat). This shall, however, be dependant on the specific circumstances of the company and the number of members of the Supervisory Board. Our Supervisory Board (Aufsichtsrat) 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) Section 5.4.1 of the Code recommends that the Supervisory Board (Aufsichtsrat) sets a rule for the duration of office in the context of the description of goals for its composition. Taking into account the number of Supervisory Board Members and the shareholders structure we believe that the introduction of a rule for the duration of office is not useful in our situation.

4) Section 5.4.2 of the Code recommends that the Supervisory Board (Aufsichtsrat) 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 it has no business or personal relations with the company its executive bodies, a controlling



shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. In its own opinion, our Supervisory Board (Aufsichtsrat) 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.

Brilon, March 20, 2017

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| Management Board: | On behalf of the Supervisory Board: |
| Dr. Thomas Kneip | Guido A. Krass |
| Dr. Christoph Traxler | (Chairman) |