



**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 February 7, 2017 and published on April 24, 2017.

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 has complied and complies with the Code.

**Declaration of Conformity**

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 February 7, 2017 (published on April 24, 2017) have been complied with and will be complied with following the last Declaration of Conformity (*Entsprechenserklärung*) of March 2018, 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. The duties of the Management Board are carried out by the Members of the Management Board collectively and on the basis of equal involvement. 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 its 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 of the Supervisory Board (*Aufsichtsrat*). This 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 and 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 term of office in the context of the objectives regarding 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 term 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 independent. A Member of the Supervisory Board is to be regarded 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 could cause a substantial and not merely temporary conflict of interests. In its opinion, the Supervisory Board includes an adequate number of independent Members. Although some Supervisory Board Members are also shareholders and do have incidental business relations with the company, this does not constitute a conflict of interests.



The Management Board

Dr. Thomas Kneip  
Dr. Christoph Traxler  
Bernhard Pawlik

On behalf of the  
Supervisory Board

Guido A. Krass  
(Chairman)