



Compliance statement according to sec. 161 of the German stock corporation Act (Aktiengesetz)

In the financial year 2013 and until the date of this report, the Executive Board and the Supervisory Board dealt with Corporate Governance issues at several occasions. On 22 April 2014, the Executive Board and the Supervisory Board jointly issued the following Compliance Statement (*Entsprechenserklärung*) in accordance with Section 161 of the German Stock Corporation Act and made it permanently available to the public on the Company's website:

The Executive Board and the Supervisory Board herewith declare that the Company has complied and will comply with the recommendations of the German Corporate Governance Code ("Code") in the version dated 13 May 2013, except for the following deviations:

- Sections 4.2.2 to 4.2.4 of the Code contain recommendations on the remuneration of members of the executive board granted by the company. Since the members of the Executive Board of ZhongDe Waste Technology AG have only concluded service agreements with the Chinese operating entity Fujian FengQuan Environmental Protection Equipment Limited but not with the stock corporation itself, and since the service agreements only provide for a fixed remuneration, the recommendations set forth in sections 4.2.2 and 4.2.3 of the German Corporate Governance Code do not apply.
- Section 4.2.5 of the Code contains recommendations regarding the presentation of the executive board remuneration in the remuneration report; in particular section 4.2.5 of the Code recommends using certain sample tables. The Company does not comply with this recommendation. Since the members of the Executive Board are entitled to a fixed remuneration only, the recommendations of section 4.2.5 of the Code do not promise any additional insight for the shareholders or the public.
- Section 5.1.2 para. 2 sentence 3 and section 5.4.1 para. 2 sentence 1 of the Code recommend to determine age limits for the members of the Executive Board and the Supervisory Board. The Company has not determined such age limit and so maintains the option to appoint members of the Executive Board or the Supervisory Board that have already crossed a certain age limit on a case by case basis. The Company believes that the determination of an age limit is not useful as a general rule but rather prefers the qualification and experience of its board members as criteria.
- According to section 5.4.1 para. 3 of the Code, the Supervisory Board shall take into account its objectives for the composition of the Supervisory Board when proposing candidates for election to the Supervisory Board. In 2012, the Supervisory Board resolved, inter alia, to seek for adequate female representation in the Supervisory Board and, consequently, to seek to propose at least one female candidate in the next Supervisory Board elections. Although the Supervisory Board has taken into account its objectives when discussing proposals for election of Supervisory Board members, the Supervisory Board proposed Mr Gerrit Kaufhold and Prof. Dr. Bernd Neukirchen for re-election at the general shareholders' meeting held on 28 June 2013; the reason being that both have skills and experience currently needed by the Company. Irrespective of the aforesaid, the Supervisory Board still maintains its objectives for its composition, which are described in more detail in the Corporate Governance chapter of the annual report.
- According to section 5.4.6 para. 2 of the Code, which has been revised in 2012, in case the Supervisory Board remuneration contains a variable component, such variable component shall be directed towards a sustainable development of the company. The variable remuneration of the Company's Supervisory Board is based on the respective financial year's profit per share, which in the view of the Company is generally a reasonable indicator for the Company's – and thus also the Supervisory Board's – performance. However, the variable component is not specifically based on a long-term indicator and thus, the variable remuneration may not meet the recommendation set forth in the revised section 5.4.6. para. 2 of the Code. The Company will discuss potential adjustments to the variable Supervisory



Board remuneration in order to comply with the requirements of section 5.4.6 para. 2 of the Code in the future.

- Section 7.1.2 of the Code recommends the annual consolidated financial statements to be made available to the public domain within 90 days after expiration of the last business year, and to make available the interim financial reports within 45 days after the end of the respective reporting period. By now, the Company has missed these timelines. The reason is that due to its international holding structure and higher translation efforts to be made in respect of the preparation of the financial reports, the Company has put and will put more emphasis on accurate financial statements rather than to exactly meet the recommended timelines.

Frankfurt/Main, 22 April 2014

ZhongDe Waste Technology AG

The Executive Board

The Supervisory Board