

## **The Essential Role of Corporate Governance at S.A.G. Solarstrom AG**

S.A.G. Solarstrom AG has always been committed to pursuing a responsible business policy targeting increased added value. S.A.G. Solarstrom AG operates in accordance with the statutory regulations and its own Articles of Association and exercises responsible management and control of the company and its associated entities.

The Management and Supervisory Boards are committed to value-orientated company management and to control of the whole Group in such a way as to maintain a sustained increase in good will and reflect its responsibility towards the shareholders.

An indispensable feature of good corporate governance at S.A.G. Solarstrom is the total respect for the interests of shareholders, a clearly defined and segregated set of tasks for the Management and Supervisory Boards, openness in communication, informative and standard accounting procedures and up-to-date and meaningful reporting systems.

### **Declaration of Compliance**

The Management and Supervisory Boards of S.A.G. Solarstrom AG hereby declare that the current version of the recommendations of the Government Commission on the German Corporate Governance Code published in the official section of the electronic version of the Federal Official Gazette (Bundesanzeiger) by the Federal Ministry of Justice have been and are in principle complied with.

For the 2007 business year, the remuneration received by individual members of the Management and Supervisory Boards is posted separately, in compliance with point 4.2.4 of the Code.

S.A.G. Solarstrom prepares its Annual Accounts in compliance with the internationally recognised Financial Reporting Standards (IFRS) (point 7.1.1 sentence 2 of the Code) by 31<sup>st</sup> December 2007.

However, the following recommendations have not been applied, or are only applied in modified versions:

The members of the Supervisory Board do not make up committees (point 5.3.1 of the Code), since there are only three members and since under § 108 paragraph 2 German Stock Corporation Act (AktG) all members of the Supervisory Board must be party to resolutions. Accordingly, the Chairman of S.A.G. Solarstrom AG's Supervisory Board is not simultaneously chairman of committees responsible for handling Board of Management contracts and for preparing sessions of the Supervisory Board (point 5.2 paragraph of the Code).

The calling of the annual general meeting, together with the relevant documents, is not transmitted to all financial service providers, shareholders and shareholders' associations by electronic means (point 2.3.2. of the Code), since S.A.G. Solarstrom does not have the necessary details at its disposal. However, interested persons have the opportunity to download the documents via the company homepage at any time.

In compliance with point 5.4.5 paragraph 1 sentence 3 of the Code, the Articles of Association provide for a higher rate of remuneration for the deputy Supervisory Board Chairman than ordinary Supervisory Board members. Since, given that the Supervisory Board has three members, there is as much work for the deputy Supervisory Board Chairman as for an ordinary Supervisory Board member, the deputy Supervisory Board Chairman is awarded a remuneration matching that of an ordinary Supervisory Board member.

Since no committees are formed in the company, chairmanship and membership of committees is not a factor affecting the remuneration of Supervisory Board members (point 5.4.5 paragraph 1 sentence 3 of the Code).

For organisational reasons, S.A.G. Solarstrom AG is currently still unable to make the consolidated accounts publicly available within ninety days of the end of the business year (point 7.1.2 sentence 2

of the Code). Shareholders and third parties will be informed by way of interim reports currently only at mid-year (point 7.1.1. of the Code).

Since the shares of S.A.G. Solarstrom AG are only available for unlisted trading, the company does not apply the statutory regulations specifically applicable to the securities of quoted companies concerning the requirement to publish changes to percentage of voting rights held by shareholders (point 6.2 of the Code). Instead, the company complies with the publication requirements under stock corporation law which applies to it concerning changes to participating interests (§ 20 Stock Corporation Act [AktG]). For this reason, it is not possible for S.A.G. Solarstrom AG to make statements about shares upwards of 1 % held by members of the Management and Supervisory Boards (point 6.6. of the Code).

**Freiburg, 13<sup>th</sup> May 2008**

**Management Board and Supervisory Board of S.A.G. Solarstrom AG**