

## Compliance Statement 2012 of the Management Board and the Supervisory Board of SFC Energy AG Pursuant to Section 161 of the German Stock Corporation Act

According to Section 161 of the German Stock Corporation Act (Aktiengesetz), the management board and the supervisory board of exchange-listed companies are required to declare annually that the company has complied, and will comply, with the recommendations of the Government Commission on the German Corporate Governance Code (the "Code") published by the German Federal Ministry of Justice in the official Section of the Electronic Federal Gazette (Elektronischer Bundesanzeiger) and/or which recommendations the company has not applied and/or will not apply. This declaration has to be made accessible to the public on a permanent basis on the company's website. Thus, companies may deviate from the recommendations of the Code but, if they do, they are required to disclose such deviations on an annual basis. This allows companies to take account of sector-specific or company-specific needs. Thus, the Code helps to make corporate governance of German companies more flexible and promotes their self-regulation.

For the period as of the issuance of the last Compliance Statement of March 23, 2011 (amended on July 25, 2011) the following compliance statement refers to the version of the Code dated May 26, 2010, as published in the Electronic Federal Gazette (Elektronischer Bundesanzeiger) on June 2, 2010.

In accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz) the Management and the Supervisory Board of SFC Energy AG declare that, with the following exceptions, the Company has complied and will comply in full with the Recommendations of the Government Commission on the German Corporate Governance Code, as amended:

- According to Section 4.2.1 Sentence 1 of the Code, the management board shall be comprised of several persons and have a chairman or spokesman. From January 1, 2011 until August 15, 2011 the Management Board was made up of one person only and did not have a chairman or spokesman. As of August 16, 2011 the Supervisory Board appointed a second person to the Management Board serving as Chief Financial Officer (CFO) and reassigned the function of chairman of the board to the former Chief Executive Officer (CEO). Hence, the Company does no longer deviate from Section 4.2.1 Sentence 1 of the Code as of that point in time.
- According to Section 4.2.3 para. 4 of the Code, care shall be taken when entering into management board contracts to ensure that any payments, including benefits, made or provided to a Management Board member on early termination of his or her contract without serious cause do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract. The management board service contract concluded with the Chief Executive Officer (CEO) which expired on March 31, 2011 did not provide for such a severance payment cap in the event of early termination without serious cause. However, such a cap would not have become relevant anyway as this management board service contract was not terminated early. All management board service contracts in effect from or after April 1, 2011 provide for such a cap. Hence, the Company does no longer deviate from the corresponding provisions of the Code as of that point in time.
- According to Section 5.3.1 of the Code, the Supervisory Board shall, depending on the specifics of the enterprise and the number of its members, form committees with sufficient expertise. In particular, Section 5.3.2 of the Code recommends that an Audit Committee be set up. In the past, the Supervisory Board of SFC Energy AG has formed two standing committees namely an Audit Committee and a Personnel Committee. On May 5, 2011 the Annual General Meeting of the Company resolved to amend the Company's Articles of Association to reduce the number of Supervisory Board members from six to three. This amendment has been registered in the commercial register on May 24, 2011. The Supervisory Board holds the view – which is consistent with the legal literature on this subject – that the efficiency of the advisory and controlling activities of a supervisory board made up of only three members cannot be increased meaningfully by setting up any committees. Therefore, the Supervisory Board dissolved the formerly existing committees. As a result, the Company deviates from the recommendations set forth in Sections 5.3.1 and 5.3.2 of the Code.
- According to Section 5.3.3 of the Code, the Supervisory Boards shall form a Nominating Committee composed exclusively of shareholder representatives which will propose suitable candidates to the Supervisory Board for recommendation to the General Meeting. The Company's Supervisory Board has not set up a Nominating Committee. Consistent with the legal literature on this subject, SFC Energy AG supports the position that forming a Nominating Committee is irrelevant if no employees are represented on the Supervisory Board. It therefore refrains from setting up such a committee.

- According to Section 5.4.1 paras. 2 and 3 of the Code the Supervisory Boards shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. In particular, these concrete objectives shall stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report. The Company deviates from the recommendation to lay down, take account of and publish such concrete objectives. The composition of the Supervisory Board shall ensure that the Management Board is effectively advised and controlled, based on the Company's best interests. To ensure compliance with these statutory requirements the Supervisory Board will continue to base its proposals of candidates primarily on the knowledge, skills and experience of eligible candidates. In this respect, the Supervisory Board will also appropriately take account of the international activities of the Company, its potential conflicts of interest, an age limit laid down in the Supervisory Board's Rules of Internal Procedure and diversity. However, the Supervisory Board holds the view that it is neither necessary nor appropriate to set concrete objectives or genderspecific quotas as this would restrict in a blanket fashion the election of suitable candidates especially at SFC Energy AG as a smaller exchange-listed company. Accordingly, the Corporate Governance Report does not mention any such objectives.
- According to Section 5.4.6 Sentence 4 of the Code, the members of the Supervisory Board shall receive fixed as well as performance-based compensation. In the past, this was the case under the Articles of Association of SFC Energy AG. On May 5, 2011, however, the Annual General Meeting resolved to switch to a fixed-only compensation. This amendment has been registered in the commercial register on May 24, 2011. The Company thus deviates from the recommendations set forth in Section 5.4.6 Sentence 4 of the Code. SFC Energy AG believes that a fixed compensation structure better reflects the advisory and controlling function of the Supervisory Board, which has to be performed independently of the Company's success, than a combination of fixed and performance-based compensation components. This also helps to prevent among Supervisory Board members potential conflicts of interest which could arise from performance criteria. In addition, fixed-only compensation avoids any adverse effects on the control function of the Supervisory Board that could result from aligned performance criteria for both the Management Board and the Supervisory Board.

The Management Board and Supervisory Board of SFC Energy AG

Brunnthal, March 27, 2012