

# CORPORATE GOVERNANCE DECLARATION 2007

Declaration of Conformity of the Board of Management and the Supervisory Board of STRATEC Biomedical Systems AG with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG).

STRATEC Biomedical Systems AG has complied with the recommendations made by the German Corporate Governance Code government commission with regard to the management and supervision of German listed companies in the version dated June 12, 2006 since submitting its previous Declaration of Conformity on December 15, 2006 – with the exceptions outlined in that declaration.

STRATEC Biomedical Systems AG will comply in future with the recommendations made by the German Corporate Governance Code government commission with regard to the management and supervision of German listed companies in the version dated June 14, 2007 with the following exceptions:

## Point 3.8

The German Corporate Governance Code recommends that a suitable deductible be agreed for members of the Board of Management and the Supervisory Board upon the conclusion of any D&O insurance policy.

The company foregoes any deductible in its D&O insurance policy for members of the Board of Management and Supervisory Board. The Board of Management and Supervisory Board are of the opinion that the members of the boards and the management of the subsidiaries take every effort to avoid any damages to the company. Their responsibility and motivation to uphold their efforts in this respect would not be further promoted by a deductible for the D&O insurance policy. Moreover, a potential deductible would also not have any impact on the insurance premium.

#### Point 4.2.3

The German Corporate Governance Code recommends that to cover against unforeseen developments the Supervisory Board should agree a cap on the stock options and comparable instruments granted to the members of the Board of Management as variable components of their compensation.

The Supervisory Board has not agreed any cap for the stock options issued to the members of the Board of Management, neither is any such cap foreseen for the future in view of the fact that this would result in the stock options failing to provide the element of risk/opportunity required, especially for variable compensation components, and that such cap would not provide the necessary incentives, particularly when compared with practices in other countries.

#### Point 4.2.5

According to the law governing the disclosure of management board compensation dated August 3, 2005, the total compensation of each member of the Board of Management has to be disclosed on an individual basis, broken down into non-performance-related and performance-related components, as well as components of a long-term incentive nature, unless otherwise resolved by the Annual General Meeting with a three-quarters majority.

The German Corporate Governance Code recommends that such disclosures be made on an individual basis in a compensation report (forming part of the Corporate Governance Report). The compensation of all members of the Board of Management, broken down into its components, was and continues to be reported as an aggregate total. The company has foregone the individual disclosure of the total compensation of each member of the Board of Management in view of the resolution adopted with the necessary qualifying majority by the Annual General Meeting on June 23, 2006.

It is our opinion that the recipient of such disclosures concerning the compensation of individual members of the Board of Management is less interested in the incentive for the individual member of the Board than in the incentive for the Board as a whole. Moreover, any disclosure of the compensation of the Board of

Management on an individual basis would in the longer term result in a leveling out of the salaries between the various positions on the Board, thus undermining the desired incentive effect.

Points 5.2, 5.3.1, 5.3.2, 5.3.3 and 5.4.7

The German Corporate Governance Code recommends that the Supervisory Board should form specialist committees (including an audit and a nomination committee), depending on the specific circumstances of the company and the number of its members. Moreover, the Chairman of the Supervisory Board should assume the chairmanship of the committees which deal with the contracts concluded with members of the Board of Management and prepare the meetings of the Supervisory Board. Among other factors, the compensation paid to members of the Supervisory Board should account for the chairmanship and membership of committees.

The Supervisory Board of the company consists of the minimum legal requirement of three members and, in view of its size, has not formed any committees to date.

Point 5.4.7

The German Corporate Governance Code recommends that the compensation of the members of the Supervisory Board be disclosed in the Corporate Governance report on an individual basis and broken down into its constituent components.

The compensation, broken down into its constituent components, has been and continues to be reported as an aggregate total for all members of the Supervisory Board. The individual disclosure of the compensation of each member of the Supervisory Board has been foregone in view of the resolution adopted with the required qualifying majority by the Annual General Meeting on June 23, 2006. Moreover, the transparency requirements of this recommendation in the Code are largely accounted for by the disclosure of the composition of Supervisory Board compensation in Section 13 of the company's Articles of Incorporation.

#### Point 6.6

The German Corporate Governance Code recommends that any ownership of shares in the company or of related financial instruments by members of the Board of Management and the Supervisory Board should be stated in the Corporate Governance report in the event of such direct or indirect shareholdings exceeding 1% of the shares issued by the company. Moreover, the German Corporate Governance Code recommends that the total shareholding held by such members should be stated in the Corporate Governance report broken down into the Board of Management and the Supervisory Board in the event of the total shareholding of all members of the Board of Management and the Supervisory Board exceeding 1% of the shares issued by the company.

The Board of Management and the Supervisory Board are of the opinion that the notification duties set out in the respective legal requirements, which require the company to be notified in the event of the shareholding held by any shareholder (in this case a company board) exceeding certain thresholds, are adequate in this respect. The holdings of shares in the company or of related financial instruments by members of the Board of Management and the Supervisory Board have not been stated in the past and will not be reported in future. This does not apply to disclosures required by law.

#### Point 7.1.2

The German Corporate Governance Code recommends that the consolidated financial statements be published within 90 days and the interim reports within 45 days of the conclusion of the respective reporting period. The aforementioned deadlines for the publication of consolidated financial statements and interim reports have not been and are in some cases still not met by the company. STRATEC Biomedical Systems AG does, however, meet the publication deadlines set out in the rules and regulations governing the company's membership of the segment of the regulated market of the Frankfurt Stock Exchange involving additional admission requirements (Prime Standard), namely four months in the case of annual financial statements and two months for interim reports.

Birkenfeld, December 13, 2007