

Declaration of Corporate Management (§ 289a HGB)

The actions of Evotec AG's management and oversight bodies are determined by the principles of good and responsible corporate governance. In this declaration, the Management Board – also acting on behalf of the Supervisory Board – provides its report on corporate management in the Group pursuant to section 289a (1) of the German Commercial Code (HGB) and pursuant to sub-section 3.10 of the German Corporate Governance Code. Our aim is to present our corporate management principles as clearly and concisely as possible.

Declaration of compliance and reporting on Corporate Governance

Declaration of compliance

With three exceptions, Evotec complies with all recommendations of the Code and the majority of the Code's suggestions. In December 2010, Evotec's Management Board and Supervisory Board declared in accordance with Section 161 of the German Stock Corporation Act (AktG):

“Evotec AG has complied in 2010 with the recommendations of the Governmental Commission on the German Corporate Governance Code (the “Code”) as published in the official section of the electronic Federal Gazette and intends to comply in the future with the recommendations of the Code, with the following exceptions:

- *The stock option programs in place are based on binding resolutions of several Annual General Meetings. While the exercise of options under these programs requires an increase of the share price, the exercise is not related to other relevant comparison parameters as recommended in Section 4.2.3 of the Code. This decision is based on the lack of relevant comparison benchmarks in the field of German Biotech at the time when the stock option programs were created.*
- *Effective 1 July 2010, the Company's D&O insurance and the deductible contained therein for members of the Management Board were aligned with the latest version of Section 3.8 of the Code and with the regulations of the recent Act on the Appropriateness of Management Board Compensation (VorstAG).*

The D&O insurance contains a reasonable deductible for members of the Supervisory Board as foreseen by the version of the Code in force before the version published on August 5, 2009. The Company has decided to stay with a reasonable deductible and to decide at a later point in time about a possible increase as recommended by Section 3.8 of the Code when further information about other companies' approach is gathered and the Company has a broader understanding of the corporate practice.

- *The Chairman of the Supervisory Board is a member of the committee which handles contracts with members of the Management Board (Remuneration and Nomination Committee), but not Chairman of this committee as recommended by Section 5.2 of the Code. This enables to have a further Supervisory Board member involved more deeply in the governance of the Company.”*

The current Declaration of Compliance with the German Corporate Governance Code and the declarations of the past five years can be found on Evotec's website (www.evotec.com) in the section '*Investors > Corporate Governance*'.

Relevant Management Practices and Compliance

Relevant Management Practices

Evotec takes its Corporate Governance responsibilities very seriously. As a consequence of its shares' listing at the Frankfurt Stock Exchange and its international shareholder base, the Company recognises not only German but also international Corporate Governance standards, insofar as German law does not explicitly stipulate otherwise. Evotec's Management and Supervisory Boards are convinced that complying with rigorous Corporate Governance standards is of great benefit to the Company. It includes integrity in the dealings with employees, business associates, shareholders and the public, expressed in Evotec's own exemplary conduct. As a service provider, Evotec has to win and retain the trust of its customers and business associates through impeccable behaviour. The Group's aim is to be credible, solid and reliable and act accordingly. Thus Evotec regularly reviews and enhances its Corporate Governance practices.

Within the frame of strategical determination by the Management Board, specific goals are established and communicated. To accomplish our targets we rely on the enterprise and initiative of our managers and employees. We achieve consensus on clearly defined objectives, and we regularly monitor how well we are meeting them. These agreements on aims are a fundamental component of our leadership philosophy and a crucial element of our remuneration system.

Code of Conduct

As a matter of course, Evotec abides by the law and by ethical principles. This is shown, amongst others, by the Company's Code of Conduct which stipulates fundamental ethical principles, such as integrity and professionalism, that apply to board members and other employees alike. The Code of Conduct sets standards for

- accounting and the permissible use of the Company's funds and assets;
- conduct in cases of insider trading or conflict of interest;
- compliance with antitrust legislation;
- a work environment free of discrimination and harassment;
- non-disclosure and protection of intellectual property and business secrets; and
- the duty to report upon the suspicion of an infringement of the Code of Conduct (whistle-blowing).

In the interest of all employees and the Group, non-compliance with standards will be investigated and the causes will be remedied. This means that misconduct will be consistently prosecuted in accordance with national laws.

The Code of Conduct is published on the Evotec website (www.evotec.com) in the section '*Investors > Corporate Governance > Policies and Charters*'.

Compliance Organisation

Evotec's Compliance Programme is overseen by the Company's Compliance Officer, functioning as an independent and objective body that reviews and evaluates compliance issues/concerns within the organisation.

The Compliance Officer helps to communicate the values underlying the Code of Conduct and anchor them firmly in the Group. It ensures Group-wide implementation of the compliance programme.

Moreover, a worldwide whistleblower system has been implemented. It enables all Group employees to report compliance violations in an anonymous manner. Information received is immediately analysed by the Compliance Officer and the Chairman of the Supervisory Board's Audit Committee, who will also initiate any measures required.

Evotec also maintains an Ad Hoc Committee, consisting of representatives of various core departments, which examines the ad hoc relevance of insider information and ensures that Evotec complies with the law.

Risk Management

An important element of sound Corporate Governance is to deal responsibly with risks. Evotec has established a systematic risk management system that enables the Management Board to detect and react to relevant risks and market developments in good time. Details on the Company's risk management system and the risk report policies can be found in a separate section of the Management Report in the Evotec annual report (www.evotec.com „Investors > Finance > Financial Reports 2010 – 2011“). It also contains the report on the accounting-related internal control and risk management system required in accordance with the German Accounting Modernisation Act (BilMoG).

These systems are continually developed, adjusted to match changes in overall conditions and reviewed by the auditors. The Management Board regularly informs the Supervisory Board about existing risks and the development of these risks.

Transparency

Evotec informs its shareholders, financial analysts, the media and the public on a regular basis about its progress. In doing so, the Company complies with all requirements of the Code regarding transparency, timeliness, openness and shareholder equality. Evotec is committed to fair disclosure of information. It is a prime concern of the Company that all relevant target groups receive the same information at the same time, and this implies communicating in both English and German. The Company's publications are available on its website (www.evotec.com, section “Investors > Press Releases”).

Moreover, the ‘Investors’ section of Evotec's website (subsection “Events” and “Finance”) maintains information such as news releases, the financial calendar containing the publication dates of the financial statements, the Annual General Meeting, Investor Relations conferences, annual and quarterly reports, other regulatory news and regularly updated corporate governance information. This section of the website also includes the Articles of Association, the Rules of Procedure of the Supervisory Board, the Audit Committee Charter, the Code of Conduct, the Insider Trading Policy and all declarations of compliance.

Moreover, the company website at www.evotec.com provides comprehensive information on the Evotec Group and the Evotec share.

Accounting and Auditing

On a regular basis, Evotec provides financial and business information to its shareholders and other interested parties by publishing its annual consolidated financial statements and quarterly reports. As an incorporated company whose registered head office is located within the European Union, Evotec must prepare and publish consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) whilst observing Section 315a HGB (German Commercial Code). The financial statements of the Evotec Group and the financial statements of Evotec AG are audited by the audit firm and the Supervisory Board. The audit firm is appointed by the shareholders at the Annual Shareholders' Meeting and commissioned by the Supervisory Board. It participates at the Supervisory Board's deliberations on the financial statements and reports the most significant results of its audit. The Audit Committee uses this information as a guideline for its own evaluation of the statements and reports.

The disclosed financial statements and the management reports for Evotec AG, as well as the consolidated financial statements together with the consolidated management report of the Evotec Group, are audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg. These audits also covered risk management and compliance with reporting requirements concerning corporate governance pursuant to section 161 of the German Stock Corporation Act. Following its consultations, the Supervisory Board also approves the financial statements and the consolidated financial statements.

Working Methods of the Management Board and Supervisory Board

Composition and Working Methods of the Management Board and Supervisory Board

As required by the German Stock Corporation Act (Aktengesetz), Evotec AG has a two-tier board system consisting of the Evotec Management Board (Vorstand) and the Evotec Supervisory Board (Aufsichtsrat). The Management Board is responsible for managing Evotec and representing the Company in its dealings with third parties, while the Supervisory Board appoints and dismisses the members of the Evotec Management Board and oversees the management of the Company. German law prohibits the Supervisory Board from making management decisions. The two boards work closely together to achieve long-term and sustainable growth for the Company and to create shareholder value. They agree on the Company's strategy and on business transactions that are significant. The Annual Shareholders' Meeting ('Hauptversammlung') is the company body representing the interests of the shareholders.

Management Board ('Vorstand')

Evotec's Management Board is responsible for the day-to-day operations and is supported by the Management Team. In its business operations and decisions the Management Board acts on behalf of the Company and works towards its progress with the objective of sustainable creation of value, thus taking into account the interests of the shareholders, the employees and other stakeholders.

The Management Board is responsible for corporate policy, the company's strategic orientation, financial, investment and personnel planning, resource allocation and the management of the divisions. The Management Board is responsible for preparing the quarterly consolidated financial statements and the annual consolidated financial statements, as well as the annual financial statements of Evotec AG. It is also responsible for the establishment of an effective risk management system, cares for compliance with legal requirements and internal guidelines.

Under Evotec's Articles of Association, the Supervisory Board determines the size of the Management Board, which must have at least one member under the German Stock Corporation Act. Currently, the Management Board of Evotec AG consists of four members. The statutory maximum term for members of the Management Board is five years, but Evotec's current practice is to limit the terms to three years. Management Board members may be reappointed and may be dismissed with good cause prior to the termination of their terms of office. Members of Evotec's Management Board have not accepted more than a total of three Supervisory Board mandates in non-Group listed companies. The Articles of Association can be found on Evotec's website under www.evotec.com; section '*Investors > Corporate Governance > Policies and Charters*'.

The activities of the Management Board are regulated by its internal Rules of Procedure, which set out the matters reserved for the full Management Board, the responsibilities of the areas of responsibility and the majorities necessary for passing resolutions.

Meetings of the Management Board shall be called by the Chairman of the Board. Each member of the Management Board may request that an extraordinary meeting of the Management Board be called outside its regular meetings. The board meetings are chaired by the Chairman of the Management Board, who also coordinates the areas of responsibility. Persons who are not board members can, if so resolved by the Management Board, be admitted to board meetings in a consultative capacity.

Brief minutes have to be made of material discussions and resolutions. Resolutions of the Management Board will be carried regularly at its meetings. Resolutions may also be carried without a meeting, however, in writing, by telex or by telephone. The Management Board shall be quorate if a majority of its Members vote on a resolution. Resolutions of the Management Board shall be passed by a simple majority. Should there be a tie, the CEO shall decide.

The Management Board also provides continuous updates to the Supervisory Board through regular verbal and written reports that includes in depth analysis of the status of operations. The information provided includes written monthly management reports with extensive coverage of the Company's financial figures for the previous month, accompanied by detailed comments and explanatory text. In addition, the Management Board must submit a budget for the following fiscal year and a plan for the medium term to the Supervisory Board. The Management Board is also required to report to the Supervisory Board in a timely fashion on any transactions that may be significant with respect to the profitability or liquidity of the Company in order to give the Supervisory Board an opportunity to express its opinion on such transactions prior to their implementation.

The Chairman of the Supervisory Board and the Chief Executive Officer as well as other members of the Management Board discuss current and ongoing topics via numerous conference calls, carried out whenever appropriate.

Details on the Management Board and the Management Team are provided on Evotec's website under www.evotec.com; section '*About Us > Management*'.

Supervisory Board

The Evotec Supervisory Board consists of six members (as at 31st December 2010 only five) — as provided in the Articles of Association — all of whom are appointed on the basis of their qualification, work experience, independence and considering their diversity. No former member of the Management Board is a member of the Supervisory Board.

To ensure compliance with these recommendations the Supervisory Board has specified concrete objectives regarding its composition which are ensured when making proposals to the shareholders' meeting for election or re-election of new Supervisory Board members. These objectives stipulate that the activities of the Company shall be reflected by having Supervisory Board members with national and international experience in the respective fields of (i) Research and Development, (ii) Finance, (iii) Marketing and Sales, and (iv) Health Care Economy/Public Health. Potential conflict of interest situation(s) shall be avoided by highest scrutiny deployed when discussing potential candidates. In addition, the Supervisory Board shall ensure that the individual age of a candidate shall not exceed 72 years at the time of the proposal. Diversity with regard to female representation shall be ensured by having a minimum of one female member of the Supervisory Board. Overall, the Supervisory Board shall be composed in such a way that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks.

Currently, the composition of Evotec's Supervisory Board fulfils all those objectives, four nationalities are represented on the Supervisory Board of Evotec and there is one female member.

The Members of the Supervisory Board are elected by the shareholders by a simple majority of the votes cast at a shareholders' meeting. The Supervisory Board appoints a chairman and one or more vice-chairmen from among its members. The members of the Supervisory Board are elected for five years and may be re-elected. The term of the current members of the Evotec Supervisory Board will expire at the end of the annual general shareholders' meeting held in the year 2014.

The Supervisory Board advises and oversees the Management Board in the management of the Company. Based upon regular consultations with the Management Board, the Supervisory Board is involved in strategic and planning decisions and all decisions of fundamental importance to the Company.

In accordance with the internal rules of procedure, decisions taken by the Management Board on major transactions such as the strategic and operational direction of the Company, the annual budget, major acquisitions, investment or License Agreements, business contracts outside the Company's ordinary course of business that have significantly different risk profiles as well as establishing new business operations or significantly revising existing business operations, require the approval of the Supervisory Board.

The chairman of the Supervisory Board coordinates the work in the Supervisory Board, calls and chairs its meetings and externally represents the concerns of the body.

The articles of association provide that while resolutions shall typically be passed in meetings, however, upon the chairman's instruction resolutions can be passed without a meeting by written notice, by telephone, facsimile, e-mail or by other conventional means of communication. The articles of association further provide that more than half of the members of the Supervisory Board must participate in voting on a resolution to constitute a quorum. If such a quorum is not met a new meeting shall be called with a notice period of two weeks, in which case three present board members constitute a quorum. Absent members may participate in a resolution by delivering a written vote to the Supervisory Board. Unless otherwise required by law or by the articles of association, resolutions of the Supervisory Board are passed by a simple majority of the votes cast.

The Supervisory Board has its own internal rules of procedure (see www.evotec.com: 'Investors > Corporate Governance > Policies and Charters') and complies with the Corporate Governance Code's suggestion to hold occasional separate discussions.

With one exception, the Supervisory Board was not aware of any potential conflict of interests among any of its members during the year 2010. In the one exception, one Supervisory Board member disclosed a potential conflict to the Supervisory Board in relation to a strategic opportunity for the Company. The respective Supervisory Board member did not participate in the deliberations of the Supervisory Board concerning this opportunity.

On a regular basis the Supervisory Board examines the efficiency of its activities as recommended in the Corporate Governance Code. To date all such audits have led to the conclusion that the Supervisory Board is organised efficiently and that the Management Board and the Supervisory Board cooperate very well.

An overview of its work can be found in the Report of the Supervisory Board, which can be found in the Management Report in the Evotec annual report on the website of the Company under www.evotec.com, section „*Investors > Finance > Financial Reports 2010 – 2011*“.

Information on the professional affiliations of board members and on related party transactions can be found in the Annual Report of the Company. In addition, details on the Management Board and the Management Team be provided on Evotec's website under www.evotec.com; section '*About Us > Supervisory Board*'.

Work in Supervisory Board Committees

A significant proportion of the Supervisory Board's work is conducted in committees of the Supervisory Board. From among its members, Evotec's Supervisory Board has, pursuant to the German Stock Corporation Act (AktG) and the recommendations of the Corporate Governance Code, established an Audit Committee and a Remuneration and Nomination Committee. Members of both committees are appointed in accordance with the Corporate Governance Code.

For information about the composition of the Supervisory Board Committees please see the website of the Company under www.evotec.com, section „*Investors > Corporate Governance > Supervisory Board Committees*“.

Evotec's *Audit Committee*, comprising three members, supports the Supervisory Board in independently monitoring the Company's financial reporting activities and in auditing annual financial reports. In particular, the Audit Committee scrutinises the Company's financial statements and risk management, and it discusses the quarterly and half yearly reports with the Management Board. Within the scope of the audit of the financial statements commissioned by the Supervisory Board, the Audit Committee also discusses certain steps of the audit with the independent auditing firm and proposes the approval of the annual report and the consolidated financial statements to the Supervisory Board. In addition to fulfilling its oversight responsibility, the committee reviews the Company's systems of internal controls regarding finance, accounting and legal compliance; as well as the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

The Audit Committee's chairman is an independent financial expert and has specialist knowledge and experience in the application of accounting principles and internal control processes. Neither the Chairman of the Supervisory Board nor a former member of the Management Board may become Chairman of the Audit Committee.

The committee meets at least four times annually. The audit committee shall have a quorum if at least two of its members participate in the passing of a resolution. Resolutions require a simple majority of the votes cast. Evotec's Audit Committee Charter can be found on the Company's website (www.evotec.com) in the section '*Investors > Corporate Governance > Policies and Charters*'.

The main duties and responsibilities of the Company's *Remuneration and Nomination Committee* are to prepare the appointment of Management Board members and to prepare decisions concerning their remuneration system and stock option plans. Final decisions are made by the Supervisory Board.

Remuneration of Board Members

Evotec complies with the recommendations of the Corporate Governance Code to provide details of the remuneration of each individual member of the Management Board and the Supervisory Board. Detailed information on the remuneration of Management Board members, divided into fixed and variable compensation components as well as any fringe benefits, and remuneration of Supervisory Board members is reported in a separate section of the Management Report ('Remuneration Report') in the Evotec annual report. The Evotec annual report is available on the website of the Company under www.evotec.com, section „*Investors > Finance > Financial Reports 2010 – 2011*“. The remuneration of the Board Members is also publicised on Evotec's website under www.evotec.com; section '*Investors > Corporate Governance > Remuneration*'.

Evotec has procured directors and officer's liability insurance coverage for its Management and Supervisory Board members, its senior management and the directors of its subsidiaries, at a cost to the Company. For the Management and Supervisory Board members an appropriately sized deductible was agreed upon. For the members of the Management Board a deductible of 10% of the damage or one and a half times the fixed annual remuneration is planned is agreed.

Shareholders and Annual General Meeting (AGM)

Evotec AG shareholders exercise their co-determination and monitoring rights at the AGM, convened at least once a year. The AGM takes decisions on all statutory matters that are binding on all shareholders and the Company. For voting on resolutions, each share confers one vote.

All shareholders registering in due time are entitled to participate in the AGM. Evotec offers shareholders who are unable to attend the AGM the opportunity to access key parts of the event live on the internet. The Company also encourages non-attendees to exercise their voting rights by arranging independent proxies who are bound to the shareholders' instructions. Shareholders may also authorise a person of their choice to represent them in the meeting. The possibility of a postal vote was not available at the Annual Shareholders' Meeting 2010 as the Company changed its Articles of Association only at this Annual Shareholders' Meeting. The Management Board is now entitled to allow postal voting at future Shareholders' Meetings.

The invitation to the AGM and the reports and information required for voting are published in accordance with the provisions of the German Stock Corporation Act and provided in German and English on Evotec's website under www.evotec.com; section '*Investors > Events > Annual General Meeting*'.

Directors' Dealings

Under the Securities Trading Act ('Wertpapierhandelsgesetz'), the members of the Supervisory Board and the Management Team of Evotec as well as persons who have a close relationship with these persons are obligated to report trading in Evotec stock so far as the transactions exceed in aggregate EUR 5,000 (the de minimus threshold) per calendar year. In addition, Evotec has established an Insider Trading Policy (see www.evotec.com '*Investors > Corporate Governance > Policies and Charters*') that sets standards for board

members' and employees' trading in Evotec shares and thus ensures transparency. In 2010, the various transactions (Directors' Dealings) were reported to the Company, as publicised in detail on the Company's website under www.evotec.com, section „Investors > Corporate Governance > Directors' Dealings“:

Directors' Shareholdings

As of 31 December 2010 the members of the Management Board and the Supervisory Board owned the following shares in the Company:

	Shares	Stock options
Management Board		
Dr Werner Lanthaler	464,494	900,000
Colin Bond	0	100,000
Dr Mario Polywka	60,000	755,000
Dr Cord Dohrmann	0	100,000
Supervisory Board		
Dr Flemming Ørnskov	15,513	-
Dr Hubert Birner	27,897	-
Dr Peter Fellner	14,727	-
Mary Tanner	62,192	-
Dr Walter Wenninger	5,419	-

Changes to the directors' shareholdings will be published on Evotec website under www.evotec.com, section „Investors > Corporate Governance > Directors' Shareholdings“.